

Summary of Developments in Major Problems of United States Foreign Policy

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The general outline of the Summary is keyed to the outline in Part III of "Major Problems of the United States Foreign Policy, 1947—A Study Guide." Variations in this outline may occur from time to time with changes in the course of current history and the resultant shifts in the problems confronting the United States. Any major variations of this kind will be noted in the Introduction to each issue of the Summary.

The material in this Summary is based on publicly available official documents bearing on the events recorded and on information contained in selected American and foreign newspapers. Every effort is made to verify the accuracy of the statements made.

This publication is a part of a broad program of research and education in international relations, recently inaugurated by the Brookings Institution and focused on the current foreign policies of the United States. The program is being undertaken by the staff of the Institution's International Studies Group. The Summary is prepared by Jeannette E. Muther assisted by Constance G. Coblenz, Marie J. Thresher, Frances M. Shattuck, Tatiana Buzanova, and Maxine Lybarger, under the guidance of the principal members of the research staff.

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OUTSTANDING DEVELOPMENTS OF THE MONTH

The Communist seizure of power in Czechoslovakia and the referral of the Palestine situation to the Security Council were the two outstanding developments during February affecting the major problems of United States foreign policy.

The Czech crisis, which had been gradually evolving early in the month, became acute on February 20, when all non-Communist members of the Cabinet—except the Social Democrats—resigned, thus breaking the National Front Government. Communist Premier Gottwald immediately sought, and was at first refused, the necessary authority from President Benes to replace the resigning members with Communists rather than to hold a general election. As tension grew throughout the country and the Communists became more threatening, however, Benes finally consented on the 25th to the formation of a Cabinet under Gottwald in which the majority of the members would be Communists. Two days later the new Cabinet was installed and stringent measures were immediately put into effect to increase the Communist hold on the country.

Other signs of a further tightening of the Soviet grip on Eastern Europe were also in evidence during the month, both before and after the Czech coup. On February 4, the Soviet Union and Rumania signed a twenty-year mutual assistance pact, ostensibly directed against a resurgence of German aggression, and a similar pact between the Soviet Union and Hungary was concluded two weeks later. Finland became the next object of Soviet attention when it became known on the 27th that Premier Stalin had sent a handwritten note to the President of Finland urging the conclusion of a mutual defense pact. All of these Soviet moves appeared to accelerate, in turn, action designed to counter their broad pattern, especially in Western Europe.

The U.S. Senate Committee on Foreign Relations, following the completion of its public hearings on the European recovery program earlier in the month, unanimously reported a bill to the Senate on February 26 under which \$5.3 billion for European aid would be authorized for the twelve months beginning April 1. Meanwhile, on the 18th, President Truman had asked the Congress for \$570 million for economic aid to China, and a week later Secretary of State Marshall asked the Congress for an additional \$275 million for military assistance to Greece and Turkey.

The possible scope and basis of the projected Western European union slowly emerged during February. Early in the month Great Britain and France prepared draft treaties for mutual defense modelled on the Anglo-French Treaty of Dunkerque and these were informally discussed at the meeting of the Prime Ministers of Belgium, Netherlands, and Luxembourg in Brussels on the 29th. Also, early in the month, fourteen European nations meeting in Belgium appointed a committee, which subsequently began its sessions on the 25th, to examine more fully the possibilities of forming a European customs union.

In addition, two major steps were taken to assure the role of Germany in European economic recovery. A bizonal economic government in

the Anglo-American zone of western Germany was established on February 9 by proclamation of the military governors, and began operations two weeks later. Anglo-French-American discussions to "explore ... the whole range of German problems of mutual interest" began in London on February 23. Formal Soviet protests that these discussions were in violation of the Potsdam agreement were completely rejected by each of the three participating nations.

The other outstanding development of the month--the referral of the Palestine situation to the Security Council--arose out of the growing internal violence in Palestine that continued to follow the pattern of previous months and the threatening gestures being made by the Arab League. The Palestine situation reached a critical juncture in the middle of February when the United Nations Palestine Commission reported to the Security Council that international armed forces would be needed to carry out the Palestine partition plan in view of the "extreme gravity of the situation ... and the anticipated worsening of the conditions," especially after the termination of the British mandate on May 15.

The Security Council began consideration of the Palestine situation on February 24 with an opening statement to the Council by U.S. Representative Austin. Although it was made clear that the United States adhered to its previous position of favoring partition, the United States also maintained that the Charter of the United Nations did not empower the Security Council to enforce, with arms, a political settlement in Palestine. The United States did maintain, however, that the Council was empowered either to stop external aggression against Palestine or to deal with an internal situation likely to present a threat to international peace.

Three other critical situations were also dealt with by the United Nations during February. After six weeks of hearings, the Security Council, on the 12th, adjourned consideration of the India-Pakistan dispute over Jammu and Kashmir in order to allow the Indian delegation time to return to New Delhi for fresh instructions. Following the report of the United Nations Commission that it was unable to exercise its functions of holding elections in all of Korea because of the attitude of the Soviet Union, the Interim Committee of the General Assembly--meeting on the situation at New York from February 19 to 26--directed the Commission to proceed to hold elections "in such parts of Korea as are accessible to the Commission." Despite Soviet objections that the Indonesians were being betrayed, the Security Council on the 28th continued its Good Offices Committee for the Indonesian situation and commended the Dutch-Indonesian truce, concluded in January under the Committee's auspices.

Two other disputes that might ultimately require United Nations action developed in the Western Hemisphere. One arose between Argentina and Chile, on the one hand, and Great Britain, on the other, over conflicting territorial claims in the Antarctic, which also involved an old dispute between Argentina and Great Britain over the Falkland Islands. The second dispute that flared up was a reopening of the historical controversy between Guatemala and Great Britain over Belize. British warships were sent to these British possessions. As the month ended, Guatemala appealed to the United States to defend the interests of the Latin American states in these disputes.

CONTENTS

	Page
OUTSTANDING DEVELOPMENTS OF THE MONTH	i
 I. PROBLEMS OF THE PEACE SETTLEMENTS	 1
A. Peace Settlement Negotiations	2
1. Germany	2
Demonstration Strikes	2
Plant Dismantling Policy	3
Establishment of Bizonal Economic Government	4
Expansion of Soviet Zone Economic Commission	6
Herter Committee Report	6
Soviet Reparation Policy	7
Establishment of Central Bank	7
Economic Integration of Saar with France	7
Three-Power Talks on Western Germany	8
2. Japan	11
Soviet Protests on American Flights	11
Australian Views on Peace Treaty	11
Japanese Cabinet Resignation	11
Disarmament Policy	12
Election of New Premier	12
3. Austria	13
Meeting of Foreign Ministers' Deputies	13
4. Korea	15
United Nations Commission Report	15
Action by Interim Committee of General Assembly	15
B. Implementation of Peace Treaties	18
1. The Italian Treaty	18
a) Colonies	18
Soviet Protest on Use of Air Base	18
Foreign Ministers' Deputies' Discussion	19
b) Trieste	19
Yugoslav Protests on United States Actions	19
Report to Security Council on Administration	19
c) Other Treaty Provisions	20
Soviet Protest on U.S. Vessels in Italian Ports	20
U.S. Notification on Prewar Treaties	20
Release of Italian Warships	20
2. Satellite Treaties	21
U.S. Protest on Violations of Rumanian Treaty	21
 II. ECONOMIC AND SOCIAL PROBLEMS	 23
A. Reconstruction and Development	23
1. European Recovery Program	23
The European Recovery Program in the U.S.	23
Labor and the European Recovery Program	28
Conference of Participating Countries	30

2. Other Foreign Aid	30
Total U.S. Foreign Aid Expenditures	30
3. International Long-Term Development	30
Economic and Social Council: Sixth Session	30
Food and Agriculture Organization: Regional Conferences	31
Economic Commission for Europe	32
Economic Commission for the Near East	33
Economic Commission for Latin America	33
Economic Questions at Bogotá	33
B. Commercial Policy	34
1. International Trade Organization	34
Havana Conference	34
2. International Organization in the Field of Services	36
a) Merchant Shipping	36
U.N. Maritime Conference	36
3. Foreign Commercial Agreements	37
European Customs Union Discussions	37
British Trade Negotiations	38
C. Social Policy	39
1. International Social Co-operation	39
World Health Organization	39
2. UNESCO	39
Monaco's Membership Application	39
National Commission Session	39
3. Displaced Persons	40
International Refugee Organization: Preparatory Commission Meeting	40
III. POLITICAL PROBLEMS	41
A. Political Independence and Free Institutions	41
1. France	41
Economic and Monetary Reforms	41
Opening of Franco-Spanish Frontier	43
2. Italy	44
New U.S.-Italian Treaties and Agreements	44
Government Moves Against the Communists	44
3. Greece	46
American Aid Program	46
Vote of Confidence in Government	46
New Role of U.S. Military Advisers	47
U.N. Special Balkan Committee	47
4. Turkey	47
American Aid Program	47
5. States in the Soviet Orbit	48
a) Albania	48
Corfu Channel Case	48
b) Bulgaria	49
Political Trials	49
Change in "Fatherland Front"	49

c) Czechoslovakia	49
Communist Seizure of Power	49
d) Finland	52
Soviet Offer of an Alliance	52
e) Hungary	53
Political Trials in Budapest	53
U.S. Protests on Soviet Abductions	54
Soviet-Hungarian Mutual Defense Pact	54
Merger of Communist and Socialist Parties	55
f) Poland	55
Provision in Soviet-Polish Trade Treaty on Steel Production	55
Formal Ending of Mikolajczyk Party	55
Polish-Rumanian Pact Negotiations	55
g) Rumania	56
Soviet-Rumanian Mutual Aid Treaty Signed	56
Unification of Political Parties	56
h) Yugoslavia	57
U.S.-Yugoslav Dispute on Gold Reserves	57
6. Iran	57
Soviet Charges Against United States	57
7. Iraq	59
Rejection of Anglo-Iraqi Treaty	59
8. China	59
Kowloon Incident	59
Proposed American Aid Program	60
Extension of Sino-Soviet Nonaggression Pact	61
Official Denials of Soviet Mediation Offers in Civil War	62
Progress of Civil War	62
9. India - Pakistan	63
Communal Rioting	63
Security Council Action	64
Draft Constitution Published	66
B. Treatment of Non-Self-Governing Peoples	66
1. Ceylon	66
Independence Act	66
2. Malaya	66
Inauguration of New Constitution	66
3. Indonesia	67
Queen's Speech on the Formation of a Federal State	67
Action by the Security Council	67
4. Palestine	69
Communist Smuggling	69
Arab League Meeting	69
U.N. Palestine Commission	71
Trusteeship Council and Statute for Jerusalem	74
Internal Violence	75
Security Council Action	76
C. Propagandist Activities	78
Subcommission on Freedom of Information	78

IV. SECURITY PROBLEMS	79
A. Organization of a System of Collective Security	80
President's Report on the United Nations	80
Burmese Application for U.N. Membership	81
1. Interim Committee of the General Assembly	81
Proposals for Implementation of General Assembly Recommendation	81
2. The International Control of Atomic Energy	82
Report of U.S. Atomic Energy Commission	82
U.N. Atomic Energy Commission	82
B. Regional Problems	83
1. The Inter-American System	83
Falkland Islands Dispute	83
Belize Dispute	85
Preparations for Bogotá Conference	86
C. Other Aspects of United States Military Security	86
1. Strategic Materials	86
Export Ban on Scrapped War Materials	86
2. Military Bases	87
Formal Termination of Panama Bases Agreement	87
Air Base Agreement in the Caribbean Area and Bermuda	87
3. National Military Establishment	87
Report of the Air Co-ordinating Committee	87
Plans for National Civil Defense Organization	87
APPENDIX	88
List of Selected Documents	88

I. PROBLEMS OF THE PEACE SETTLEMENTS

The outstanding issue in the peace settlements, as in practically every other major problem of international relations today, was highlighted in the report on "The Strategy and Tactics of World Communism" released on February 29 by a subcommittee of the Committee on Foreign Affairs of the U.S. House of Representatives. In the preface of this report it was pointed out that:

"No subject has been of deeper concern to the Government and the people of the United States for the last few years than that of communism. The question 'What does Communist Russia want?' has been asked and asked again, and has received many answers. During the war we had accepted, perforce, that Russia was fighting on our side, and was even bearing the brunt of the fight. We had gone beyond this and believed that the Soviet state was allied to us in objectives beyond the defeat of Hitler; that it was altogether friendly. Promptly after the war a transition began, as Soviet and Communist actions contrary to our ideals or expectations began to disturb us.

"Since the war Communist tactics in the countries of Eastern Europe have appeared to us to violate agreements made concerning freedom and democracy in those countries. Revelations in Canada and Britain as well as in the United States have illustrated the Communist practice of espionage in a scarcely friendly fashion. Labor troubles under Communist stimulation have increased the difficulties of many countries in facing postwar problems of economic recovery. The Soviet has used its veto in the Security Council of the United Nations to block all action by the Council which might prejudice the cause of communism. The Soviet has used its position in Germany under Potsdam to interfere with any method of rehabilitation that we can understand.

"Both the Soviet and the Communist parties have formally announced their opposition to the project for European recovery, and have given notice that they will resort to all means to interfere with its success. And Communist propaganda, both from Soviet sources such as the Moscow radio and from Communist sources in all countries, has resorted to a standard line of attack upon the objectives of the United States, of contempt for American culture, and of uninhibited abuse.

"All this has meant that the foreign policy of the United States has increasingly found that communism is a factor in every problem or situation. Communism, in its objectives, its strategy, and its practical working methods or tactics thereby assumes top priority for the attention of all concerned with the foreign affairs of the United States. ..."

Believing that the world today as seen through communist eyes "has the same general characteristics as in the period between the two World Wars," the report concluded that:

"Soviet foreign policy, like their defense policy, begins with the assumption of inevitable war. It is the particular function of the Soviet Foreign Office in the grand strategy of the world revolution to play an intermediate role between that of the Red Army on the one hand and the Communist parties on the other in creating the conditions necessary for communist victory.

"First of all, since the Communists assume that 'Time is on their side' the problem is to delay a war. Second, since the result of the Second World War has greatly reduced the number of strong capitalist states, leaving only the United States and Britain where there were formerly five, the probability of a great war among the capitalist powers is relatively reduced, and the probability of coalition against the Soviets relatively greater. This calls for planning for some time to come designed to maintain the independence of as many capitalist states as possible, and as much anti-American feeling as possible, in order to restore the likelihood of a war between capitalist states. Thirdly, the Soviet would prefer a one-front war, militarily. They succeeded in limiting their engagement in the Second World War to one front at a time, an achievement matched by no other government.

"The Communists prefer a later war to an earlier one. They prefer a capitalist war, with the Soviet in on one side, to a straight Communist-anti-Communist war. They prefer a one-front war to a two-front war. With these objectives or standards in mind, it is the task of the Soviet Foreign Office to use all means of a diplomatic or related nature to attain them. ..."

A. PEACE SETTLEMENT NEGOTIATIONS

1. Germany

Demonstration Strikes

Strikes continued in the British and American zones during the early part of the month. They were only of 24-hour duration and were for the purpose of demonstrating the workers' dissatisfaction with the failure of German administration officials to collect and distribute food quotas adequately--rather than being aimed at the military occupation. A particularly widespread but orderly strike on the 3rd was described by Gen. Clay as "a demonstration truly in the democratic sense," a type of labor action in which there was "nothing to criticize." However, he added that it would not help to increase the food supply and was actually postponing recovery. Gen. Robertson endorsed this view when he declared on the 5th that the strikes had "only aggravated the general economic situation and created a bad opinion in the countries that can help." While recognizing the desirability of increasing food imports, he pointed out, as he had done before, that there were international allocations because shortages were world-wide and he remarked that "in a free-for-all scramble for supplies Germany would fare badly if these allocations were eliminated." Robertson stressed that the Germans must make a greater effort to improve food collections and said that, if they thought it necessary, he would, although reluctantly, be prepared to use troops to enforce collection.

Plant Dismantling Policy

The Department of State's defense of the dismantling policy in Germany, which had been set forth in a memorandum made public on January 24, was reinforced by Secretary of State Marshall on February 4 in a letter and memorandum addressed to Senator Vandenberg, chairman of the Senate Foreign Relations Committee. The Secretary of State's letter emphasized certain points, as follows:

"I should also like to bring to your attention the fact that the British and French Governments are understood to be opposed to modification of the present dismantling program. We know that they feel themselves justly entitled to and are most anxious to receive delivery of their share of the plants which have been selected for dismantling and of the reciprocal deliveries of commodities which the Soviets are obligated to make to the West.

"If all dismantling should be halted in our zone, this would be interpreted as the abandonment of the reparation program as far as the United States is concerned. The probable result of such action would be that the United States would find itself in sole opposition to the demands of the other seventeen members of the I.A.R.A. group of nations, and would probably be faced with renewed demands for extensive reparation out of current production.

"The principles for which we have contended so vigorously would thus be placed in jeopardy. Instead of being able to dispose of the reparations problem in short time and at relatively little cost we will be thrown back into a situation similar to that which followed in the wake of World War I, with general disagreement and long-drawn out wrangling among the victorious Allies, and particularly those nations in Western Europe among which unity of purpose and feeling is essential for European recovery."

The Secretary of State proceeded to state that for these reasons, "as well as the unfortunate political consequences within Germany which our officials there have declared would result from a temporary halt of dismantling should it later be decided to resume dismantling," Gen. Clay had not been instructed to discontinue the process. He pointed out, however, that no further allocations had been made by the Allied control authority since the Congressional inquiry had begun. "At the same time," he continued, "an investigation is being made to ascertain whether or not certain of the plants scheduled for dismantling would be better able to contribute to the world supply of critical items if retained in Germany." He also emphasized, as the Department of State's memorandum of January 24 had done, that because of Soviet breaches of the Potsdam agreement, all deliveries from the United States zone to the Soviet Union and Poland had been stopped (with the exception of the remnants of three plants largely dismantled and delivered before the November meeting of the Council of Foreign Ministers) pending the outcome of current talks with Great Britain on the matter.

The memorandum attached to the Secretary of State's letter stated that the Department of State had undertaken "a fundamental re-examination

of all the considerations involved, both economic and political," and had concluded "that the German reparation program should be continued in its present form, and that such continuance [would] aid, not hamper, the economic recovery of Europe." The final paragraph of the memorandum summed up the arguments in support of the dismantling policy in the following terms:

"The reparation settlement embodied in the Potsdam and Paris Reparation Agreements, of which the dismantling program represents the concrete implementation, is one which accords with the best interests both of the United States and, recognizing its obligations, of Germany. It is a settlement to which genuinely friendly European countries, including both Great Britain and France, regard the United States as being fully committed, and one which represents to them the symbol of an attitude towards Germany's past actions and towards their own future, the abandonment of which would cause them the greatest concern."

Establishment of Bizonal Economic Government

The military governors of the Anglo-American zone issued a joint proclamation on February 6 establishing a bizonal economic government effective from February 9. The proclamation stated that the reorganized administration was expected to be fully operative by February 24. The structure and powers of the new regime were written into a charter which had been drawn up in its final form after lengthy discussions with German officials. Prior to its promulgation, Gen. Clay told the Council of States in the American zone (on the 3rd) that the new administration is to be considered as an emergency one which would be replaced "at the proper time" by a constitutional government. He assured the Germans that since it was "not a creation of the people," the military government had "taken the responsibility as to its form and structure." The principal change from the proposals made at Frankfurt on January 7 was in restriction of the powers of the executive, which was said to have resulted as much from a desire to allay French fears of too great a centralization of power as to satisfy the Germans on this point. The charter provided for the establishment of:

1. An Economic Council of 104 members, elected by the state parliaments on the basis of population and political distribution. Each member's term of service will expire with that of the state parliament that elected him.
2. An upper house (the Council of States), consisting of two representatives from each state, chosen by the state governments, and holding office for the same term as these governments. One of the members might be the Minister-President of the state.
3. An executive committee of at least six members, including a chairman without portfolio, all elected by the Economic Council. A member could only be removed following a vote of no confidence approved by the Military Governors acting as a bipartite board. Dismissal of the chairman will require in addition the agreement of the Council of States.

4. A ten-member High Court, of whom five would form a quorum. None of the judges will be a member of a state or bizonal government. The court will have original jurisdiction in cases between the bizonal administration and a state or between states where bizonal ordinances or regulations were involved. It will have appellate jurisdiction over decisions made by state courts on points of law in the same category.

The Economic Council will have primary legislative powers over transport, patents, and copyrights, post and communications (except broadcasting), customs and excise taxes, and civil service management. On an interstate level, it will have power over "production, allocation, collection, storage and distribution of goods, raw materials, gas, water and electricity; foreign and internal trade; price formation, price control and price subsidies; production, importation, collection, allocation, storage and distribution of food; the establishment of priorities in the demand for labor." Further, it will have legislative jurisdiction over the bizonal administration's budget and finance, including the allocation of revenues from taxes, and will have power to borrow through the projected central bank.

The Council of States was empowered to initiate any legislation except that relating to taxes or appropriations. It could veto legislation of the Economic Council within 14 days by a vote of an absolute majority of all its members. This veto could, however, be overridden by an absolute majority of the Economic Council. Finally, the states governments had the right "to approve, amend, or veto by simple majority any legislative measure adopted by the Economic Council which has not previously been approved in identical form, by the Länderrat [Council of States]."

On the day following the proclamation of the new regime, a number of German leaders disclaimed all responsibility for its establishment. Dr. Schumacher, head of the Social Democratic party, alleged that the British and American Military Governments had drawn up the charter without proper consultation with the German parties and without consulting the other occupying powers. He said that the Allies would be to blame if there should be a split in Germany. He declared that "neither a Russian nor a United States economic and political theory is what is needed today" and called for "a German democracy." Dr. Gerhardt Seelos, chairman of the present Bizonal Executive Committee, also said that the Germans and the occupation authorities had not negotiated on an equal basis and criticized the Council of States as being too weak for adequate protection of federalism. The Christian Democratic party stressed the temporary nature of the economic government, while Dr. Erich Koehler, Christian Democratic president of the Bizonal Economic Council, confined himself to moderate approval and a promise that it would be used as a means for effecting the economic recovery of the bizonal area. The Communists denounced it and declared that they would not recognize it.

The first meeting of the newly constituted Council of States was held in Frankfurt on February 23, when Dr. Ehard, the Bavarian Prime Minister, was elected chairman. The reformed Economic Council held its opening meeting the following day. Dr. Erich Koehler, right-wing Christian Democrat, and Gustav Dahrendorf, Social Democrat, were elected president and vice president, posts which they had held in the old Economic Council.

Expansion of Soviet Zone Economic Commission

Exactly one week after the military governors of the Anglo-American zone had proclaimed the establishment of the new bizonal organization, the commander of the Soviet zone issued an order greatly expanding the powers of the economic commission which had been set up in the eastern zone in June 1947. The membership of the commission had previously consisted of the chiefs of the three central economic administrations existing at that time, the head of the Communist Free German Trade Union League, and the leader of the Farmers' Mutual Aid Union. Its membership was now to be increased to include a chairman and two deputy chairmen, three representatives of the Free German Trade Union League, two representatives of the Farmers' Union, a delegate from each of the five provincial governments, and the presidents of the 12 central economic administrations. An executive was created which comprised the chairman and deputy chairmen of the commission, the chairman of the trade union league, and the presidents of the central administrations for finance, industry, agriculture and forestry, and trade and supply. The commission was charged with making decisions on all matters affecting the "reconstruction, restoration, and development of a peacetime economy." Its responsibilities included the fulfillment of reparation deliveries and the satisfaction of "the demands of the Soviet occupation forces according to fixed plans." It was also given the power to formulate, put into force, and execute regulations, which were to be binding on all German organizations. The Soviet order concluded: "The activities of the economic commission will be controlled by the Soviet Military Administration!"

Herter Committee Report

A subcommittee of the House Select Committee on Foreign Aid (Herter Committee) issued a report on February 6 containing recommendations which it believed would "go far in putting Germany on her feet, relieve the United States taxpayer of immense occupation costs, bring to the cause of world stability and European recovery the great capacities of the German people and aid much in developing the Free States of Europe as a bulwark of world peace and of free institutions." These recommendations were classified under three heads--governmental, economic, and social. In proposing, under the governmental head, that the United States should take steps to obtain a voice in administration of the western zones commensurate with the share of the costs it paid, the subcommittee severely criticized the Executive for entering into financial commitments without prior consultation with Congress. Other governmental reforms proposed included: the formation among the free States of Germany of a constitutional government at the earliest possible date; transfer of the functions of the U. S. Military Government to an Administration for Occupied Territories; and creation by Congress of a Legislative Advisory Committee for Occupied Territories to work with the German legislative bodies and to include representatives of the British and French parliamentary bodies. Among the economic recommendations were: cessation of dismantling operations pending congressional study; cessation of deliveries of German ships under reparations account; and increased German control of industry and foreign trade. Social recommendations included early cessation of denazification proceedings on all but "major offenders," efforts to find homes for displaced persons and to obtain the return of German prisoners, and subordination of social reforms to economic recovery.

Soviet Reparation Policy

The commander in the Soviet zone of Germany announced on February 11 that, while there would be no reduction in Soviet reparation demands, it was intended that occupation costs should be reduced. Further, he promised to permit the re-employment of former civil servants who "honestly and openly co-operate with the people," to arrange for a resumption of the old age pension system, and to support private enterprise aiming at the "restoration and further development of the peacetime economy in the Soviet zone." He agreed to consider terminating the sequestration of private property and setting a final date for denazification. Finally, he promised to arrange for "a precise outlining of the functions of leading economic organizations and a further employment of German democratic administrative organizations."

It had been announced on December 10 that the Soviet Union had promised to begin by February shipment of goods in payment of their debt to the Western Powers for reparation equipment. On February 11, it was officially made known that the Soviet Union had delivered a quantity of diesel oil and petrol as part of the first installment of its debt.

Establishment of Central Bank

The last of the reforms proposed at Frankfurt in January was implemented on February 14 with the signing of a charter for the establishment of a "Bank of German States." The new central bank, to be set up in Frankfurt on March 1, was empowered to issue a new currency and to undertake most of the functions formerly exercised by the Reichsbank. Gen. Clay made it clear that, although the bank would be the instrument for carrying out monetary reforms, the currency question was still under discussion in the Allied Control Council. An allied bank commission was to exercise general supervision. The bank was to control the monetary and credit policies of the state banks, the presidents of which were to constitute its board of directors.

Economic Integration of Saar with France

It was announced in Berlin on February 20 that the Military Governments of the United States, Great Britain, and France had reached agreement on "technical problems raised by the integration of the Saar into the French economy." In addition to the three-power agreement arrived at in January by which Saar coal production was to cease to count as part of German output, provision was made that beginning April 1 trade between the Saar and the rest of Germany would be regarded as foreign trade; further, that existing arrangements between the Saar and the Anglo-American zone would be revised to accord with the Saar's position as part of the French economy. In return, France agreed to reduce its demands for heavy capital equipment as reparation and to accept payment in marks for any Saar coal sold to Germany. French Foreign Minister Bidault said on the 20th that under agreements now entered into, France would receive progressively greater amounts of coal from the Ruhr and the Saar, which by the end of 1950 would total more than one million tons a month.

Three-Power Talks on Western Germany

Speaking in Brussels on February 5, British Minister of State Hector McNeil said that the Benelux group would be invited to present their claims at the conference on western Germany which was shortly to take place in London between the United States, Great Britain, and France. A week later (12th), Henri Spaak, Prime Minister of Belgium, in advocating support of British Foreign Minister Bevin's proposal for a Western European union, stressed that Belgian participation would be conditional on settlement of the problem of western Germany in accord with the Benelux countries. He expressed the hope that these nations would play an equal part with the other three powers at the forthcoming London conference.

In an important foreign policy statement made in the Chamber of Deputies on February 13, French Foreign Minister Bidault foreshadowed the demands which would be made by France at the forthcoming three-power talks on Germany. He began by declaring that "people must work for the integration of a peaceful Germany in a united Europe." He stressed France's opposition to the reconstitution of a centralized Reich but declared that Germany could contribute its full share to European prosperity within a federal framework. While recognizing the right of Germany to a decent life, he added, however, that its recovery should not take precedence over that of its victims. Bidault then set forth the French demands: occupation of the Rhine provinces for an indefinite period; limitation or suppression of certain industries; an international regime for the Ruhr; and equitable distribution of Ruhr coal. "A federal Germany, an efficiently controlled Ruhr, such are the essential conditions for our security," Bidault declared. He recognized the differences of view between France and the other Western Powers but expressed the hope that it would be possible to reach agreement at the approaching London talks. If agreement could be achieved, he added, it would only remain to extend such an accord to a four-power pact.

The Soviet Union submitted a note on February 13 to each of the governments of the United States, Great Britain, and France protesting that the proposed London talks on Germany would violate the Potsdam agreement and other four-power decisions under which "the responsibility for administering Germany and the laying down of a policy with regard to Germany is borne jointly by the occupying powers, and this is incompatible with separate actions." The note concluded by stating that "the Soviet Government considers it necessary to bring to the notice of the Government of ... that they will not regard the decisions which will be taken at this meeting as rightful."

Three days later, Deputy Foreign Minister Vladimir Clementis of Czechoslovakia announced that, on Polish initiative, a conference on Germany of the three foreign ministers of Poland, Yugoslavia, and Czechoslovakia had been called to take place in Prague the following day. Clementis said that the primary objective of the conference would be to prevent the emergence of "a new danger from Germany," which had arisen, he averred, as a result of "revision of the principles of the Potsdam agreement," the "disruption of the London Conference," and "the preference accorded to Germany in the framework of the Marshall plan." The conference, he said, would "consider and estimate the latest developments in Germany from the point of

view of security and of safeguarding [their] interests and an enduring peace." He warned that the three states would seek a "purposeful and effective course to defend their interests." The conference lasted two days and at its conclusion a declaration was issued assailing the policy pursued by the Western Powers in Germany and demanding that the Eastern nations should be consulted and the agreements of Yalta and Potsdam carried out. The declaration criticized the creation of a bizonal or trizonal organization, charged that the Western Powers had failed to carry out adequate programs of demilitarization, reparation, denazification, and decartelization, and attacked their plans for economic reconstruction in Germany. The three Eastern Powers observed "with inquietude" the reappearance in western Germany of "belligerent propaganda forces and revisionist slogans using to attain their purposes the transferred German population" and demanded that "measures should be taken to hasten the assimilation of the transferred Germans ... and to make impossible ... all revisionist activities." They found that "the forming of a special political unit in western Germany undermines the foundations of security in Europe, the indispensable preliminary condition of which is the control of Germany, jointly effected by the four occupying big powers," and declared that this action would encourage "a revisionist-minded German nationalism and militarism which may become the source of a new attack, directed once more and first of all against Czechoslovakia, Poland, and Yugoslavia, against the Slav nations, and ultimately against the whole of Europe."

The Department of State announced on the 20th that the conversations on Germany, scheduled to begin in London on February 23, represented "an endeavor to explore ... the whole range of German problems of mutual interest." The talks were to be kept informal and "a frank interchange of views over the entire range of subjects" was contemplated. The department said an effort would be made "to obtain agreement on as many points of principle as possible so that clear-cut decisions [could] be taken at an early date." The next stage would be determined after the governments had had an opportunity to consider the results of these preliminary discussions. The announcement said it was hoped that the Benelux countries would be afforded an opportunity to express their views.

The French reply to the Soviet note protesting against the decision to hold the London talks was published on the 20th. The French Government pointed out that there was nothing in any of the agreements to which it was a party to prevent it from entering into discussions with other governments on German matters. It added that since it had been found impossible to arrive at a four-power agreement, it was logical that France, the United States, and Great Britain should consult together in an endeavor "to find a solution to a situation which causes the gravest anxiety."

The United States replied to the Soviet protest on the 21st. It also pointed out that there was no provision in any of the agreements relating to Germany which prevented any of the powers from discussing among themselves matters of common concern. The note continued:

"The United States Government is surprised that the Soviet Government should undertake to remind the other powers of their contractual obligations in Germany. The result evoked by the failure of the

Soviet Government to observe the principle of economic unity provided for in Section III B 14 of the Potsdam agreement impels the other three powers at this time to consult among themselves to put an end to a state of uncertainty and economic deterioration in Germany which threatens recovery in all of Europe. As has been repeatedly stated by United States representatives both in the Council of Foreign Ministers and in the Allied Control Council for Germany it remains open to the Soviet Government to join the other occupying powers in sound measures for the achievement of the economic and political unity of Germany. The fact that it now protests against the endeavors which will be made to develop constructive measures to deal with the present situation in Germany can only be construed as an effort to shift the responsibility incurred by the Soviet Government itself for the present division of Germany, with all the unfortunate consequences which this division entails, not only with respect to Germany, but for the recovery of Europe as a whole."

The British reply to the Soviet note was handed to the Soviet Ambassador in London on the 23rd, the opening day of the three-power talks. The British Government also rejected the Soviet contention that the talks were a violation of four-power agreements and charged that the opposition shown by the Soviet Government to the working out of genuine economic unity had imposed a heavy burden upon their allies. The note went on to point out:

"His Majesty's Government have repeatedly made it clear that they cannot allow this situation to continue. Conditions have arisen in the British zone of occupation for the creation of which His Majesty's Government cannot accept responsibility, but which they do not intend to ignore. ... His Majesty's Government are therefore surprised that the Soviet Government should have seen fit to protest against this attempt by the other occupying powers to solve by consultation the urgent problems facing them in the areas of Germany for which responsibility was assigned to them by reason of the occupation of Germany."

On the same day, protests agreed on in Prague the previous week were presented to Washington and London by the Governments of Poland, Yugoslavia, and Czechoslovakia.

The London talks were conducted on an ambassadorial level, the United States being represented by Ambassador Douglas, the French by Ambassador Massigli, and the British by Sir William Strang, Under-Secretary at the Foreign Office, who was appointed chairman. It was quickly decided that the Benelux countries should be invited to take part in the discussions. The following agenda was agreed upon: (1) relationship of western Germany to the European Recovery Program; (2) role of German economy in European economy and control of the Ruhr; (3) security measures against German aggression; (4) reparation from Germany; (5) political and economic reorganization of Germany; (6) provisional territorial arrangements, including question of Germany's western boundaries.

It was decided that the conversations should be secret, in order to permit a full and frank exchange of views. The delegations from Belgium, the Netherlands, and Luxembourg joined the conference on the 26th.

The protests of Czechoslovakia, Poland, and Yugoslavia against the London talks were followed on the 27th by a Moscow radio announcement that the Soviet Union had sent notes to the United States, Great Britain, and France urging that the three Eastern European countries should be represented in discussions on Germany's future. A Department of State spokesman said that the United States position on the claims of these states remained unaffected by receipt of the Soviet note.

Two days later, articles appeared in Pravda and Izvestia charging that the main objective of the London conference was to build up a Western European union around Germany to form "an American military strategic bridgehead." The series of mutual aid pacts entered into by the Soviet Union, the articles declared, was a move to combat this danger.

2. Japan

Soviet Protests on American Flights

The Department of State disclosed on February 3 that it had under study a Soviet protest which charged that "inspection" flights by United States aircraft in the Yellow Sea and the Sea of Japan were diving on Soviet ships and circling them at mast-top. The Soviet Union had said:

"The rude attempts of American authorities at establishing their control of shipping in the Yellow Sea and the Sea of Japan far beyond territorial waters can be regarded only as manifestations of their utter unwillingness to reckon with the legitimate interests of the merchant shipping of other countries. ..."

Australian Views on Peace Treaty

Herbert V. Evatt, Australian Minister for External Affairs, again evinced his dissatisfaction with the delay in effecting a peace treaty with Japan on February 5. He asserted that failure to act was impeding stability and preventing long-term planning in the Far East. Evatt also reaffirmed Australia's right to play a principal role in the negotiations toward a settlement and declared that his government was taking every practicable step to overcome the deadlock which had arisen on procedure.

Japanese Cabinet Resignation

Premier Katayama and his coalition cabinet formally announced their resignation on February 10. The decision was arrived at following criticism within Katayama's Social Democratic party as well as from outside. The unpopularity of the government's policies had been steadily increasing and this development had been anticipated for some time. Katayama had attempted to follow a middle-of-the-road policy which was too radical to win the approval of the Democrats--the conservative group in the coalition--and not sufficiently socialistic to satisfy the Left-Wing elements of his own party. The cabinet's eventual decision to resign was attributed to a parliamentary revolt against its efforts to carry out occupation financial policies. Notable in this connection was the opposition to government attempts to carry out the supreme commander's instructions to balance the budget. The government did so by the unpopular method

of imposing sales taxes which fell largely on the low income classes. This was followed at the end of 1947 by an attempt to pay year-end allowances to government employees out of increased telegraph, railway, and postal rates, and it was the failure to obtain legislative action on this proposal which brought down the government. It was pointed out that Gen. MacArthur had not issued written directives on this question and the revolt was not therefore a refusal to adopt the measures he had ordered; it was simply a refusal to accept responsibility for such unpopular measures. Following the cabinet's resignation, MacArthur issued a statement which said in part:

"The Prime Minister pointed out that whereas his Government had received no nonconfidence vote by the Diet, it felt that it lacked the legislative support that the Government should have to be truly representative of the people. ... As with all Governments since the hostilities ended, his has been confronted with serious political, economic and social dislocations which are the natural consequence of war and defeat.

"These conditions, in a more or less degree, will continue to confront future Japanese Governments until, through the combined energies of the Japanese people and wise and prudent leadership, the forces of recovery re-establish self-sustaining economy and political and social stability. This will, of course, take time, but decisive progress has already been made.

"The action now being taken is in full accord with democratic procedure as will be the manner in which the National Diet meets the issue. The solution will be left to its decision as the occupation will continue to regard the determination of such internal political issues as the responsibility of the representatives of the Japanese people."

Disarmament Policy

On February 12, the Far Eastern Commission approved a policy of early completion of Japanese disarmament. The Soviet member abstained from voting after several amendments for which he had fought were defeated or withdrawn. The policy decision approved in general the steps already taken by Gen. MacArthur to disarm Japanese forces and destroy fortifications. One Soviet amendment which failed to win the commission's support provided for recognition that a Japanese unit had "been demobilized" when it was disarmed and disbanded. The United States argued that demobilization should mean the actual return of prisoners to their homeland.

Election of New Premier

After nearly two weeks of negotiations between the principal political parties, which failed to produce an agreed policy, Democratic party leader Hitoshi Ashida (career diplomat and politician, and former president of the Japan Times) was elected to the premiership on February 21 by a narrow margin of five votes in the Lower House. In the Upper House he obtained only 102 votes against 104 cast for Shigeru Yoshida, president of

the Liberal party. A joint meeting of a committee of the councillors and of the Lower House failed to change the situation.

Following his election, Ashida announced his intention to invite the co-operation of the Socialists, Co-operatives, and Liberals in forming his cabinet. However, the Liberal party voted on the 23rd to remain in opposition, while the Socialists made it a condition of their acceptance that all factions of the party should be included in the administration. Charges that the choice of Ashida was due to "shady political maneuvers" and that the task of forming a new government after Katayama's resignation should have been entrusted to the leader of the opposition were promptly answered by Gen. MacArthur's Headquarters. A statement was issued which declared such criticism to be an "irresponsible distortion of the true situation," showing "an utter lack of understanding of democratic parliamentary procedure."

3. Austria

Meeting of Foreign Ministers' Deputies

U. S. Secretary of State Marshall proposed on February 2 that the next meeting of the Deputies for the Austrian Treaty should take place in London on February 20. A Department of State announcement said that "the United States [was] prepared to discuss at this meeting the French and Soviet proposals on German assets in Austria, as well as any other proposal designed to solve this problem and the other unagreed articles in the draft Austrian Treaty." It was announced at the same time that Samuel Reber, Deputy Director for European Affairs in the Department of State, had been designated to replace Joseph M. Dodge as the Secretary of State's Deputy at the forthcoming meeting.

Austrian Chancellor Figl declared on the 15th that Austria intended to play an active part in the coming talks and made a strong plea for Austria's right to a treaty settlement. He stated further that the \$200 million cash payment demanded by the Soviet Union in partial settlement of its claims to German assets in Austria was beyond Austria's capacity to pay. The Austrian Government was said to have prepared a statement showing that it might be able to raise \$150 million.

On the 18th, the Secretary of State said he hoped the Foreign Ministers' Deputies would reach agreement on a treaty based upon Austria's territorial status in 1937. He said the United States intended to seek a settlement not only of economic factors but also of all other outstanding problems. He added that the American Government was willing to continue discussions as long as there was any possibility of reaching agreement.

The Deputies met as scheduled on February 20. The first meetings were devoted to a statement of position, followed by an attempt to obtain from the Soviet delegate a clarification of his country's proposals. The United States representative emphasized that no burden should be imposed on Austria which it could not carry, and reminded the delegates that the Moscow Conference called for an independent state with a viable economy. He pointed out further that the assets problem was only one of several questions on which agreement had not been reached and that settlement of this

problem was one condition for agreement on other outstanding issues. The British Deputy spoke on similar lines. The Western delegates then pressed for further explanation and clarification of certain of the Soviet demands, asking in particular for a list of refineries or other property to be handed over. However, little information was elicited from the Soviet representative, who wished to obtain acceptance of his proposals "in principle" before elaborating on them. Nevertheless, he did clarify one or two points. He explained that Moscow demanded 25 per cent of the Danube Shipping Company's assets throughout Austria, not only in the Soviet zone. He also explained that the Soviet Union expected Austria to pay the \$200 million required out of the value of those German assets which would remain to Austria after Soviet claims were satisfied. To suggestions that payment should be accepted over a longer period than the two years stipulated, he replied that the Soviet Union could not afford to have it spread over too long a period.

When the delegates met for the third time (on the 24th), they had received a report that the Soviet authorities in Austria had removed to Hungary Austria's only floating dock, the property of the Danube Shipping Company. This was the subject of a protest by the Western delegates, who objected to the removal of equipment while it was under discussion by the conference. It had also been reported on the 21st that some days previously the Soviet authorities had sold Austrian and German construction machinery to Yugoslavia for \$421,000, claiming it as "war booty," and that they had removed rails and 1,560 railroad cars of disputed ownership to Hungary.

The Western delegates concluded their questioning of the Soviet Deputy on the 27th, but they were still far from understanding the Soviet demands, since evasive answers or, in many cases, no answer at all had been given to their requests for explanations. Two points were made quite clear at the meetings of the 25th and 27th. On the 25th, the Soviet Deputy emphasized his government's intention to stipulate that any assets it received should not be subject to nationalization by Austria, although they would be subject to taxation under Austrian law. On the 27th, he said that disputes over the obligations incurred by German-owned concerns at present held by the Soviet Union and ultimately to be returned to Austria should be settled directly between the Soviet Union and Austria.

Meanwhile, the Soviet delegate on the Allied Control Council for Austria continued to block by counter-proposals the suggestion of the United States representative that certain sovereign rights should be restored to Austria. To his suggestions of January 16, he now added a further proposal curtailing the powers of the Austrian Government to conclude separate treaties with the occupying powers and demanded that under this provision all treaties previously concluded should be cancelled. At the council meeting of the 27th, he blocked a proposal to grant the Austrian Government power to issue visas and refused a demand that he should state how much of the property in the Soviet zone he intended to claim as "war booty." On the other hand, he reversed a previous decision and acceded to a request that an amnesty should be granted to minor Austrian Nazis.

4. KoreaUnited Nations Commission Report

It was announced in Seoul on February 6 that the United Nations Commission on Korea had decided to report to the Interim Committee of the General Assembly on its "failure to exercise the functions conferred on it by the General Assembly" on account of the "negative attitude of the Soviet authorities."

The following day, an outbreak of rioting and sabotage swept over southern Korea. The "South Korean All Out Strike Committee Against the United Nations Commission on Korea" called for a general strike in protest against the activities of the commission, which it charged were aimed at splitting Korea into two parts. Few people answered the strike call, but sabotage action resulted in the temporary crippling of public utilities. Hundreds of casualties were counted during the three-day wave of violence and thousands of arrests were made. U. S. Commander Gen. Hodge issued a statement on the 10th placing responsibility for the outbreak on the Communists. He charged that "following instructions from the communist capital," they had instigated the "strike" in an endeavor to force the United Nations Commission to leave Korea under the conviction that the Koreans did not want or were not ready for elections. The general said that "the strict and totalitarian regime in North Korea is extremely fearful of any manner of free will or expression of the Korean people." Toward the close of the month, there were further violent outbreaks of communist-inspired rioting and sabotage in the southern zone.

Following upon reports in mid-February that Soviet authorities and Communist party chieftains were completing plans for a North Korean puppet government supported by a large army, a "highly placed United States military spokesman" declared in Seoul on the 16th that the Soviet Union had "flouted international agreements, violated the Moscow decision and attempted to render the United Nations Korea Commission impotent." He added: "We have operated here strictly within the framework of international agreements. We have violated none, either in spirit or letter. But while we were so doing, the Soviet Union went ahead and established a government in violation of the Moscow decision as well as in defiance of the United Nations, first secretly and now openly. The creation of a formidable army in North Korea is a distinct violation of all agreements. It was not accomplished in a matter of a couple of months. ..." The chairman of the Temporary Commission on Korea, K. P. S. Menon, expressed concern over the report, and said: "It is something we were very anxious to avoid." If the puppet state has been established, he continued, "it will crystallize the existing division in Korea and it will be a serious blow to the effort we are making for the independence of Korea." Two conflicting reports on this matter appeared on the 29th. One was a complete denial (Moscow radio) that a separate state had been set up, while the other (from Shanghai) placed the "ranking officers of a North Korean force" at some 200 thousand men.

Action by Interim Committee of General Assembly

The Interim Committee of the General Assembly met on February 19 to discuss the Korean problem. The chairman of the Temporary Commission on

Korea--in a comprehensive survey of the situation--laid particular emphasis on the strong desire of the Koreans to achieve unity and independence. He also expressed the view that "if there were any standards for a country's fitness for independence, Korea would satisfy them." Menon declared that Koreans "of all shades of opinion" regarded the United Nations as their last hope, and he felt that if this last hope were shattered, Korea might "blow up." He said that it was difficult to determine to what extent the people of South Korea favored the establishment of a separate government in their area as an alternative to the formation of a government for the whole country, but he pointed out that at least "a substantial section of organized public opinion" under the leadership of Dr. Rhee Syngman and Kim Sung Soo advocated it. Menon asked for the "advice and guidance" of the Interim Committee on the following alternatives which were open to the commission:

1. To go ahead with the program in South Korea alone, observing elections and facilitating the establishment of a government in South Korea, to be recognized as the National Government of Korea.
2. To observe elections for the limited purpose of consultation with the elected representatives of the people.
3. To explore the possibilities of establishing the independence of Korea by other means, such as a meeting of the leaders of the North and South.
4. To concede inability to fulfill its mission and to return its mandate to the General Assembly.

Elaborating on the third plan, Menon said that it comprised: (a) a political conference of selected representatives of North and South political parties; (b) restoration of civil rights for political offenders in North and South Korea; (c) cancellation or suspension of arrest warrants for political leaders; (d) freedom of speech, press, assembly, and association to be made effective; (e) agreement to be reached by the two occupying powers concerning the conditions and time of evacuation of troops. He declared that this plan had received a large measure of support from all parties except the extreme rightists, headed by Dr. Rhee and Kim Sung Soo, and that even Dr. Rhee had said he would not oppose the plan provided that it did not stand in the way of elections. Summing up the commission's views on the various alternatives, Menon said:

"The commission is unanimous in thinking that they must go on functioning as long as there is a shred of hope that a unified independent Government of Korea can be established with the good will of all concerned. The United Nations cannot afford to leave Korea in the air. The commission is also all but unanimous in thinking that a separate government, which may be established in South Korea, cannot be a national government, as defined in the resolution of the General Assembly. On the question of elections, the commission is divided. One or two members feel that the commission could have gone on with the elections even without reference to the Interim Committee; others are opposed to any elections under the observation of the United Nations Commission. Though such elections cannot result in the immediate setting up of a national government, it will be politically

expedient, and administratively advantageous, to hold elections in South Korea, provided they can be held in a free atmosphere. The committee also think that they should be entitled to take sympathetic note of any move for the unification of Korea by such means as a conference between the leaders of the North and the South before, or after, the proposed elections in South Korea."

When the Interim Committee met on February 24, the United States rejected the commission's suggestion that consultative elections should be held, asserting that it was "incumbent upon" the commission, under its terms of reference, to proceed with elections for a national assembly. U. S. delegate Dr. Philip C. Jessup, reviewed the history of the Korean problem and the issues which had led the commission to seek consultations with the Interim Committee. From this background, he outlined the course of action the United States envisaged the commission might take. Jessup said in part:

"The Korean Commission might proceed, in consultation with the occupation authorities who are ready to assist them, to decide upon an election law and procedures thereunder, to designate the voting areas or zones which will be utilized for the purpose of holding elections 'on the basis of adult suffrage and by secret ballot,' and to fix the date on which the elections will be held. Since we recognize that the commission is not sufficiently numerous in membership or in staff to observe the elections in all areas or zones simultaneously, it might announce that elections will be observed seriatim in the several areas or zones, perhaps beginning in the southern provinces of Korea and working northward until the task is completed."

Voicing the hope that the commission would not be obstructed in its work as it proceeded on its "important mission through the areas or zones from south to north," the U. S. representative continued:

"[Nevertheless] if it should unhappily prove to be the case that [the commission] could not continue with the observation of elections north of the 38th parallel due to the opposition of the Soviet authorities, the result would nevertheless be that two thirds of the Korean people would have elected their proportional share of the members of the Korean National Assembly. One third of the Korean people would have been denied the opportunity to seat their representatives in that Assembly. The Korean people and all the world would know who had denied them that opportunity. But a Korean National Assembly would exist. Not all of its seats might be filled, but it would exist. It would be in a position, if it desired, to consult with the commission on the establishment of a National Government of Korea, as contemplated in the resolution of the General Assembly. We hope it would also be able to negotiate successfully with the Koreans in the northern part of the country regarding their participation in the Korean National Government. ..."

Opposition to the American proposal came from Canada and Australia. The former contended that the "Little Assembly" had no power to change the instructions given to the commission for elections to be held throughout Korea, while the latter argued that elections in the South would encourage the holding of similar elections in the North and would harden the boundaries

between the two zones. China gave strong support to the United States-- while also affirming that it "would like to see Korea do all it could to cultivate friendly relations with Russia." Debate continued on the 25th, with India and Great Britain supporting the United States recommendation.

In a 31-to-2 vote (Canada and Australia opposed; 11 abstentions) on the 26th, the Interim Committee approved a United States resolution looking toward the establishment of an independent Korean Government. The resolution provided in part that:

"Deeming it necessary that the program set forth in the General Assembly resolutions of 14 November 1947 be carried out and as a necessary step therein that the United Nations Temporary Commission on Korea proceed with the observance of elections in all Korea, and if that is impossible, in as much of Korea as is accessible to it; and

"Considering it important that the elections be held to choose representatives of the Korean people with whom the ... commission may consult regarding the prompt attainment of freedom and independence of the Korean people, which representatives, constituting a national assembly, may establish a national government of Korea; RESOLVES:

"That in its view it is incumbent upon the United Nations Temporary Commission on Korea to ... implement the program ... in such parts of Korea as are accessible to the commission."

In a broadcast on February 28, chairman Menon expressed the hope that elections could begin "not later than the first week in May." He said further that seats would be held open in the projected national assembly for "duly elected representatives from northern Korea." After emphasizing that the United Nations had done what it could to hasten and promote Korean independence, Menon concluded that "the ultimate form of government must be determined by the Korean people themselves; and both the commission and the assembly will observe with sympathetic interest any attempts made by Korean leaders to promote unified independence of Korea."

B. IMPLEMENTATION OF PEACE TREATIES

1. The Italian Treaty

a) Colonies

Soviet Protest on Use of Air Base

The Department of State on February 3 replied to Soviet protests against the use of the Mellaha airfield in Tripolitania by the United States. In a note from the Under Secretary of State to the Ambassador of the Soviet Union, it was pointed out "that the continuation of the arrangement with regard to the use of Mellaha airfield by the U. S. Air Force for communications extends only for the period during which the present administration remains responsible for the territory." The note added that "in the circumstances, the Government of the United States does not consider that such an

arrangement is in any way inconsistent with the provisions of Annex XI or any provision of the Treaty of Peace with Italy."

Foreign Ministers' Deputies' Discussion

The Big Four Foreign Ministers' Deputies, meeting in London to consider the disposal of the former Italian colonies in Africa, disagreed on a procedural point as to whether the Deputies should hear the views of other interested governments before or after the Four-Power Investigation Commission made its report--scheduled to be completed in June. The United States, British, and French delegations argued that the commission's report on conditions in the colonies and the wishes of the inhabitants should be available to the other governments before they formed their opinions. The Soviet delegate proposed that the interested governments be asked to present their views beginning on March 16. At the end of the month no decision had been reached.

Meanwhile, the Foreign Office in Rome announced on February 16 that the Italian Ambassador in Moscow had been handed a note confirming a Soviet view, expressed to the Council of Foreign Ministers in May 1946, that Italy's former African colonies should be placed under Italian trusteeship "for a reasonable, fixed term." On the same day, a spokesman for the U. S. Department of State said that the Department had "an open mind on the disposition of the prewar Italian colonies."

b) Trieste

Yugoslav Protests on United States Actions

Department of State officials said on February 19 that within four days Yugoslavia had protested four times against United States actions in Trieste. One note objected to the nine-day visit of an American cruiser there during February. A spokesman for the Allied Military Government in Trieste said (19th) that he did not consider the visit of the cruiser a violation of the Italian peace treaty--as the agreement did not prohibit naval courtesy visits. The other three notes concerned the arrest of local Trieste officials by U. S. military authorities, and the alleged search by Americans of a Yugoslav courier.

Report to Security Council on Administration

A 46-page report, covering the period beginning with the establishment of the Free Territory of Trieste on September 15, 1946 and ending with December 31, 1947, was sent to the Security Council on February 23 by Maj. Gen. T. S. Airey, British commander of the United States-British zone in the Territory. The general declared that the present and future of Trieste were gloomy largely because of the failure of the council's 15-month search for a governor. He pointed out that there was constant clashing of ideologies--national and racial--between the Italians and Yugoslavs. He said that the provisions in the Italian peace treaty would have probably been adequate for the needs of the city had a governor taken office in a matter "of a few days or weeks and not, as events have proved, of months." "No one," according to the general, "would present, least of all those

charged with the responsibility for administration, that a military government projected into a period of returning peace and normality is an ideal or even a satisfactory instrument." He called Trieste "this unrestful fragment of Southern Europe," and deplored the lack of evidence of a "real, disinterested and ready disposition to build up a local Triestine political consciousness distinct from, but not necessarily antagonistic to, Italian, or Yugoslav national and racial ideology."

c) Other Treaty Provisions

Soviet Protest on U. S. Vessels in Italian Ports

In answer to a Soviet protest to the United States Government concerning visits to Italian ports of vessels of the U. S. Navy, with units of Marines on board, on February 2 the Department of State released the text of a note, dated January 30, to the Soviet Ambassador rejecting the protest as being "without foundation." The communication pointed out that the Soviet Union had "stated that the presence of United States naval forces in Italian ports and territorial waters of Italy after December 15, 1947 [constituted] a violation ... of the Treaty of Peace with Italy... ." It asserted that "the visits of the United States naval vessels to Italian ports and their presence in Italian territorial waters [had] been arranged in strict accord with the comity of nations in which it is customary for sovereign states to grant the privilege of visits to naval vessels and personnel of friendly foreign powers." Concerning the presence of Marines on board, the note explained that "the larger of these vessels [carried] United States Marines as a part of their normal ship's complement."

U.S. Notification on Prewar Treaties

The U. S. Department of State announced on February 6 that the Italian Government had been officially notified, in accordance with the terms of the peace treaty, concerning those prewar bilateral treaties and other international agreements that the United States Government wanted to keep in force or revive. In the note on this subject from the U. S. Ambassador in Rome to the Italian Minister for Foreign Affairs, it was stated that under the terms of the peace treaty each Allied or Associated Power was to "notify Italy, within a period of six months from the coming into force of the present treaty, which of its prewar bilateral treaties with Italy" it desired "to keep in force or revive." Among the list of treaties and agreements submitted to the Italian Government were ones covering arbitration, aviation, conciliation, and extradition, as well as navigation, taxation, postal regulations, and others.

Release of Italian Warships

On February 8, the Italian Government made public the list of warships to be divided under the terms of the peace treaty. The Soviet Union was to receive 45 ships (including the only battleship), France 43, Yugoslavia 17, Greece 2, and Albania 2.

2. Satellite Treaties

U.S. Protest on Violations of Rumanian Treaty

The U. S. Minister to Rumania sent a note to the Ministry of Foreign Affairs in Bucharest on February 2, setting forth violations of the treaty of peace by the Rumanian Government. The note pointed out that the United States had "striven constantly since the withdrawal of Rumania from the war ... to assist the Rumanian people in obtaining a broadly representative and responsible government which would secure for them their basic rights and fundamental freedoms," acting pursuant to principles established at Yalta and "by virtue of its joint responsibilities ... as a member of the Rumanian Armistice Commission." The American Government asserted further that agreement had been reached with the Soviet Union and Great Britain at the Moscow Conference of Foreign Ministers in December 1945 for the three powers "to assist in a broadening of the Rumanian Government and in obtaining guarantees of such civil liberties." Accordingly, in January 1946, members of the National Peasant and National Liberal parties were given representation in the Rumanian Government, and that government pledged in writing "that free general elections would be held in the shortest possible time... ." It also pledged that "freedom of the press, speech, religion, and assembly would be assured." Other promises were made that political parties other than Communist would be entitled to participation in the government.

In this note, the United States Government charged that "notwithstanding the categorical nature of these international commitments, the Rumanian Government undertook virtually at once to subvert them... ." In notes of May 27, June 14, October 28, and November 15, 1946 it was pointed out, "the concern of the United States Government over violations of the explicit assurances of civil and political liberties" was called to the attention of the Rumanian Government. However, the replies from Rumania were not "satisfactory." In February 1947 the treaty of peace was signed, obligating "Rumania to take all measures necessary to secure to all persons under Rumanian jurisdiction the enjoyment of human rights and of the fundamental freedoms... ." But on the contrary, according to the note, the Rumanian Government, following "its signature of this treaty ... through its police authorities, intensified its systematic and brutal campaign to eliminate all political opposition." The United States protested in a note dated June 24, 1947, followed by a renewal of "its representations" on August 5. On the 6th it issued a public statement, mentioning specifically ex-Premier Maniu "whose devotion to democratic ideals over a period of many years and whose struggle for civil liberties in Rumania are well known." The peace treaty came into force on September 15 "with its consequent obligation upon the Rumanian Government to secure the specified rights and freedoms of all people under its jurisdiction." That government, however, "tried, convicted and sentenced for treason ... Maniu and other members of the National Peasant Party... ." The note said that "the transparent political motivation of this 'judicial process' was manifest."

The United States then charged that "by its actions over a period of almost three years since March 1945, the Rumanian Government placed the legitimate and patriotic opposition elements in Rumania in a position of

seeming to constitute a clandestine, subversive movement." The United States note stated five specific ways in which the trials of Maniu and the others were prejudiced so as to preclude "the free exercise of justice: (1) An impartial trial was made impossible by the appointment of a presiding judge "known to be thoroughly compromised by improper acts as a military judge during the recent war and lacking in judicial integrity." (2) The defendants were not permitted counsel of their own choosing. (3) An inadequate defense was presented, "despite an apparently spirited summation" by Maniu. (4) "Excessive restrictions" were put on the "preparation of the defense, on the testimony of the defendants and on the interrogation of state witnesses by or for the defendants." (5) The Rumanian Government carried out a campaign before and during the trials "for the evident purpose of supporting a prearranged verdict."

In conclusion, on the basis of this evidence, the note asserted that:

"The United States Government considers it necessary to state that in its view the actions of the Rumanian Government recited in this note make it clear that there have not existed, and do not now exist, in Rumania those human rights and fundamental freedoms which the Rumanian Government is obligated by the Treaty of Peace to secure to all persons under its jurisdiction."

The British Government also sent a note similar in content, in which it stated that it wished "to place on record" its "considered view that so long as these suppressions and arrests are maintained, a situation exists which is a breach of the treaty obligations of the Rumanian Government and with assurances given by Dr. Petru Groza [the Premier] in January 1946."

The Rumanian Foreign Minister, Ana Pauker, addressed the parliament on the day that the friendship and mutual aid pact with the Soviet Union was being ratified (13th) and rejected these protests from the Governments of the United States and Great Britain. The Foreign Minister told the deputies:

"They claim there is no freedom or democracy here. We can answer them with this: We do not care whether you like us or not, but we do care for our people's wishes and appreciation. And our people like this regime. ... We are fighting hard to strengthen this regime, and in order to do so we have to remove reactionaries. This is our own business and not yours [the United States or Great Britain]. This regime, where the people are the masters rather than those who have the money, the estates or a crown on their heads, does not threaten anybody and does not want to conquer land or property that does not belong to it."

II. ECONOMIC AND SOCIAL PROBLEMS

Secretary of Agriculture Clinton P. Anderson, in his report to the President for 1947, highlighted some of the basic economic foreign policy problems faced by the United States when he declared that if the United States continued to fill its place in the world economy instead of "pulling out" as it did 30 years earlier, the "chance of avoiding major depression will be better." Anderson cited the Monetary Fund, the International Bank, and loans made directly to foreign countries as "hopefully significant." He warned, however, that "some important problems in connection with our effort to help in building an expanding world economy remain to be solved," and pointed to "agricultural price-support commitments, provided by Congress, which to some extent complicate the program for the lowering of trade barriers."

A. RECONSTRUCTION AND DEVELOPMENT

1. European Recovery Program

Secretary of State Marshall reviewed the objectives of the European Recovery Program in a speech on February 13, and declared that "the great hope" of the United States was in the development of British Foreign Secretary Bevin's proposal for a union of Western Europe. He warned that the United States now had only two choices: to stand aloof and watch "the rapidly approaching débacle in Western Europe," or, "in its commanding position of acknowledged leadership in the world," to "take some positive action to save the situation." On the issue confronting the American people, he said:

"The people in the United States face the greatest decision in our history. It will have a profound and far-reaching effect on the whole world. Like all momentous decisions, once made it cannot be altered. ... The European Recovery Program is far more than a mere economic transaction. It represents a tremendous effort for constructive leadership. If adopted, it will rank, I think, as one of the great historic undertakings in the annals of world civilization.... Make no mistake, the consequences of its success or failure will determine the survival of the kind of a world in which democracy, individual liberty, economic stability and peace can be maintained..."

The European Recovery Program in the U. S.

After much deliberation, the administration decided to free blocked foreign assets for use by the nations participating in the European Recovery Program. This decision was made known on February 2 by Secretary of the Treasury Snyder, who, as chairman of the National Advisory Council, advised Senator Vandenberg, chairman of the Senate Foreign Relations Committee. He said that about \$700 million of such assets was "readily available for meeting the balance-of-payments problems of the recipient countries," approximately \$300 million of which was held indirectly through Switzerland. An additional \$400 million was held in nonliquid forms.

Snyder noted the various arguments which had been adduced against disclosure of private holdings of foreign governments but said that the council had decided in favor of doing so since "these [were] not ordinary times." He added: "American tax-payers are being called upon to make substantial contributions to European recovery. Most of the foreign governments have repeatedly asked our assistance in gaining control of holdings of their citizens, who have concealed them contrary to laws and national interest of their countries."

Swiss anxiety as to the effect of this move on their future banking business was revealed on February 4, when a government spokesman in Berne stated that a delegation would shortly be sent to discuss the matter with the United States Treasury. However, the Administration announced on February 29 that unless foreign owners, nationals of countries participating in the European Recovery Program, took action through their governments by June 1 to obtain the unblocking of their frozen assets, the United States would provide those governments with information on such holdings. Where it proved impossible to ascertain who were the "real" owners, it was stated, the United States would take possession of the property if it remained unclaimed.

As Senate and House committee hearings on the European Recovery Program went into the first week of February, administration officials continued to press for early action on the full program. The Department of State warned Congress on the 3rd that any reduction in the \$6.8 billion requested "would jeopardize the success of the program." In a statement filed with the Senate Foreign Relations Committee, the Department of State declared that shipments totalling \$6.6 billion "must be made in the 15 months from April 1948 through June 1949," \$6 billion of which would come from the recovery program appropriation. The additional \$800 million requested as part of the appropriation was necessary "to cover obligations which must be made prior to June 30, 1949, for shipments which will not be made until after this date," and was "regarded as the minimum essential to avoid an interruption in the flow of supplies." Explaining the difference between the budget figure of \$4.5 billion and the \$6.8 billion requested by the administration, a difference which had been used by opponents of the bill as an argument for reducing the appropriation, the Department of State declared that "because of the necessary lag between the time of shipment and the time of payment," only \$4.5 billion of the total amount shipped during the first 15 months would actually be paid for during that period. The remaining sum, covering \$1.5 billion for shipments made in the fiscal year 1949 and \$800 million for shipments to be made in the fiscal year 1950 but contracted for in fiscal 1949, would not be paid out until 1950. The next day (4th), Secretary of State Marshall once again reaffirmed his belief that the Congress should authorize the program by April 1, stressing that interim aid legislation had made no provision for a pipeline carry-over beyond that date.

The Senate Foreign Relations Committee completed public hearings on the European Recovery Program on February 5 and Vandenberg said on the 9th that it would begin to draft a bill for presentation to the Senate. He anticipated that Senate action on the measure would be completed by April 1 at the latest. It was announced on the 10th that the Senate Foreign Relations

Committee had completed draft proposals for administration of the recovery program. Its recommendations provided for the establishment of an independent agency headed by an administrator of cabinet rank. The administrator and the Secretary of State were to "keep each other fully and currently informed on matters, including prospective action, arising within the scope of their administrative duties, which are pertinent to the duties of each other under this act." Where differences of view arose which could not be settled by consultation, the matter was to be referred to the President for final decision. The administrator was to be assisted by a deputy and by a bipartisan board acting in a purely advisory capacity. He was to be a member of the National Advisory Council and to act in consultation with it, but, in explaining the terms of the proposal, Vandenberg made it clear that it was not intended to give this body veto authority over financial policy questions such as whether aid should be extended in the form of grants or loans. He also explained that the Export-Import Bank, which was to supervise loans under the program, was to act "purely [as] an operating agent" for the administrator. The draft proposal provided for the appointment of a roving ambassador to act as a liaison between the U. S. Government and any organization set up by the participating nations to carry out the plan. Further, the administrator was to be represented in each country by a special mission, the head of which was to have ministerial status and to be second in rank to the U. S. ambassador to that country. Any differences between the head of the mission and the ambassador were to be referred to Washington for decision. The committee's draft proposal also provided for surveillance of the program by a special congressional committee.

The Senate Foreign Relations Committee next turned its attention to the conditions under which United States aid was to be granted. It voted on the 12th to add several clauses to the provisions in the Department of State bill for the purpose of exacting more specific commitments from the participating countries. Provision of assistance was made "contingent upon continuity of co-operation among the countries participating in the program." To the provisions recommended by the Department of State for inclusion in the bilateral agreements, the committee added a requirement that the countries in question should submit for approval of the administrator "programs for the increased production of coal, steel, transportation facilities, and food." Further, the senators decided that American aid to any country should terminate whenever the administrator decided that such country was not adhering to its agreement or whenever "because of changed conditions" the assistance was "no longer consistent with the national interest of the United States."

On the 14th, the committee announced that it had reached unanimous agreement on a bill authorizing a four-year European Recovery Program, with an appropriation of \$5.3 billion to cover the period from April 1, 1948 to April 1, 1949. Vandenberg pointed out that the necessity of making a new appropriation effective April 1, 1949 would give the next Congress an early opportunity of making "a realistic review of all the various aspects of the program." The bill made provision for the Reconstruction Finance Corporation to advance \$1 billion pending the adoption of an appropriation measure by Congress. Before the draft legislation was formally voted on and reported out of committee on February 17, a provision was added requiring that \$3 billion of the first year's expenditure should be taken out

of the 1948 budget surplus, instead of charging it against the 1949 budget. In addition to the changes to the administration's draft bill which have already been noted, other important amendments included: (1) the addition of a clause requiring the 16 participating nations to take all practicable steps to control assets held by their citizens in United States territory; (2) the withdrawal of a provision for the sale of up to 200 American ships to foreign countries; the placing of limitations on the proposed charter of not more than 300 ships. This last amendment followed action taken by the Senate on February 5, when it voted to extend the authority of the Maritime Commission, but to prohibit the sale or charter of vessels to non-citizens. As the question of extending the Maritime Ship Sales Act was also under consideration by the House Committee on Merchant Marine and Fisheries, the Secretary of State urged this committee on the 17th to endeavor to obtain a reversal of the Senate decision. In spite of the Secretary of State's appeal, however, the House also prohibited the sale or charter to foreigners of government-owned ships in its extension act of the 24th.

The bill as finally drafted by the Senate Committee included a preamble setting forth the following declaration of policy:

"... The restoration or maintenance of individual liberty, free institutions and genuine independence rests largely on the establishment of sound economic conditions, stable international economic relations and achievement by the countries of Europe of a normal economy independent of extraordinary outside assistance.

"The accomplishment of these objectives calls for a plan of European recovery open to all European nations which co-operate in such a plan based upon a strong production effort, the expansion of foreign trade, the creation and maintenance of internal financial stability and the development of economic co-operation including all possible steps to establish and maintain equitable rates of exchange and to bring about the progressive elimination of tariff barriers within Europe.

"Mindful of the advantages which the United States has enjoyed through the existence of a large domestic market with no internal trade barriers and believing that similar advantages can accrue to the countries of Europe, it is the hope of the people of the United States that these countries through a joint organization will exert a sustained common effort which will speedily achieve that economic co-operation in Europe which is essential to lasting peace and prosperity.

"Accordingly it is declared to be the policy of the people of the United States to sustain and strengthen principles of individual liberty, free institutions and genuine independence in Europe through assistance to those countries who participate in a joint recovery program based upon self-help and mutual co-operation provided that no assistance to the particular countries herein contemplated should seriously impair the economic stability of the United States."

Between February 13 and 17 the Select Committee on Foreign Aid of the U. S. House of Representatives (Herter Committee) published four more

of their series of reports relating to the American aid programs. The first, "What Western Europe can do for Itself," emphasized that the ultimate recovery of Europe would depend, not on United States dollars, but upon the co-operative efforts of the European countries themselves. The committee's proposals included: (1) integration of national recovery programs; (2) currency stabilization and convertibility; and (3) revival of Germany. The advantage of easing the financial problems of Great Britain was also pointed out, and specific recommendations were made--among which were unification of the European electric power system and railway system and joint development of colonial possessions and territories. The importance of working toward eventual attainment of a customs union was another factor which was stressed.

The second report, "Inflation and Methods of Financing any Foreign Aid Program," stated that under present circumstances "any foreign demand for our products in excess of our imports is necessarily inflationary in its immediate impact," but added that on the whole it was "apparent that prevalence of broad inflationary pressures in the American market [was] primarily internal in origin." The report concluded that "no development could contribute more to alleviate world-wide inflationary pressures than achievement of the objectives of the U. S. foreign aid program."

The study entitled "Government Control Powers Affecting the Foreign Aid Program," paid special attention to the question of the need for the continuation of certain authorities due to terminate at the expiration of the Second Decontrol Act on February 29. Subjects covered included the allocation and control of distribution of certain scarce and critical materials. The report declared that the purpose of screening and licensing powers would be "to safeguard American economy from an excessive outflow of scarce materials and to insure effective use of materials that are released."

"Transportation as it affects the European Recovery Program" (the fourth in the group mentioned), concluded that the freight car shortage in the United States could be remedied and that, with the exception of tankers, ocean shipping was adequate. The committee recommended scaling down of the proposal in the administration's recovery program bill to transfer 500 United States ships to foreign flags, and advised against legislation requiring a certain quantity of foreign aid goods to be carried in American ships. It further urged the earliest possible restoration of the European inland transportation system.

The House Foreign Affairs Committee continued its hearings throughout most of the month, the arguments pro and con largely repeating those presented in the earlier Senate hearings. Prominent among the opposition was Henry Wallace, who appeared before the committee on the 24th. He claimed that the European Recovery Program as now constituted would "open Western Europe to the control of Wall Street" and increase international friction, and he proposed a substitute program based on a United Nations reconstruction fund, probably around \$50 billion, for both Europe and Asia for the next 10 years. On the 26th, Chairman Charles A. Eaton, who had hitherto supported appropriation of the full amount of \$6.8 billion requested by the Administration, announced that he considered the figure of \$5.3

billion proposed by the Senate Foreign Relations Committee to be "fair and sound."

On the following day, Representative Herter (chairman of the Select Committee on Foreign Aid) appeared before the Foreign Affairs Committee and proposed that expenditure for the European Recovery Program should not exceed \$4.5 billion. He recommended a sum of \$6.5 billion to cover all United States aid for the coming year, with the exception of military supplies, the additional \$2 billion to include relief and reconstruction in the occupied areas. Herter suggested the following method of financing: \$3 billion from fiscal 1948 revenues; \$2 billion from fiscal 1949; \$1.5 billion in the form of loans made by the Export-Import Bank, whose borrowing power would be raised accordingly. He expressed the view that all loans under the European aid program should be handled by the Export-Import Bank and that at least a third of the aid should be extended in the form of loans. Further, he proposed that proceeds in local currencies from the sale of goods received through United States aid should be retained by the United States under International Bank trusteeship until it could be determined how best to make use of such funds. He expressed himself willing to consider modifications in the proposals for administration he had put forward in his own bill but observed, nevertheless, that in his view the administrator would be in a stronger position if his (Herter's) plan for a board of directors were accepted than he would be under the Senate bill.

The committee then concluded its hearings and was scheduled to begin drafting its bill on March 1.

The Senate Foreign Relations Committee made public on the 29th a report to accompany its European recovery bill, in which it emphasized the urgency of action. Pointing out that "subversive elements" were "hampering recovery and engineering social chaos" in Europe, the committee declared: "We must therefore shape our course upon the basis of our determination whether the countries of Europe can preserve their liberties and independence if they do not achieve economic recovery. The committee is convinced they cannot." The report stated that the estimates of the amount of aid required and the date set for inauguration of the program, "far from being extravagant, seem to provide a tight fit in view of the far-reaching objective of economic recovery."

Labor and the European Recovery Program

A manpower conference which had been convened in Rome on January 26, and to which all the nations participating in the European Recovery Program sent delegates (with the United States, the International Labor Office, the International Refugee Organization, and the Food and Agriculture Organization represented by observers) concluded its meetings on February 9. The agenda included such problems as: more effective utilization of manpower in countries having a labor shortage; facilitation of the movement of labor across frontiers; replacement of German prisoner-of-war labor in countries having a manpower shortage; methods of increasing employment in countries with a labor excess; and vocational training of labor. At the conclusion of the conference, it was announced that an extensive program for professional instruction of unskilled workers had been

drawn up. It had also been decided that a recommendation should be submitted to the governments concerned for the establishment in Rome of a permanent co-ordination committee to facilitate the movement of labor from countries with a labor surplus to those where there was a shortage. Although the conference found that the situation in this respect had improved, it still regarded the disproportion between supply and demand as "dangerous."

In Washington also the importance of labor in implementing the recovery program was recognized on February 17 when, following pleas by representatives of the CIO and the AFL, the Senate Foreign Relations Committee agreed to recommend that labor should participate in the administration of the program.

In the nongovernmental field, a conflict developed during February between the British and American members of the World Federation of Trade Unions, who wanted an early meeting to discuss the European Recovery Program, and the Communist-dominated secretariat, which refused to call such a session. The general secretary of the British Trades Union Congress, writing early in the month in Labour, official organ of the congress, said: "In the general council's view it is imperative that the meeting be held not later than mid-February." In London on February 13, the secretary general of the American CIO, James Carey, stated that his organization preferred such a meeting to take place within the World Federation of Trade Unions, but that it was above all important that it take place, regardless of the machinery through which it was held. The next day he left for Paris to see the WFTU secretary general in an effort to rally support for the recovery program.

On the 18th, the British Trades Union Congress announced its intention to issue invitations for a meeting of labor organizations from the nations concerned with the European Recovery Program, to be held in London from March 8 to 10. The following day, the secretary general of the WFTU announced that the executive bureau would meet on April 1 to discuss British action in calling a conference without the consent of the Federation. It was simultaneously made known that the Soviet member of the WFTU had invited Carey to Moscow to discuss matters relating to the European Recovery Program. Carey, who had earlier made it known that he would like to discuss matters with the Soviet trade union leaders, announced his acceptance of the invitation on the 20th.

After a three-day conference with Carey, the Soviet trade unions broadcast a statement on the 27th announcing that they would agree to a discussion of the recovery program at a meeting of the WFTU. They made it clear, however, that their consent was given reluctantly and only to avoid splitting the Federation. While themselves attacking the program as a threat to the sovereignty of the Western European nations, they recognized the right of any individual union to support it. At the same time, they expressed their disapproval of the decision by a number of unions to form a group to discuss the plan. British trade unionists regarded this inconclusive statement as a propaganda move only. Carey said, on the 28th, that he was not at all certain that the Soviet unions had made any concession at all or that there was no longer danger of a split in the WFTU.

Meanwhile, on February 24th, following representations from "high British sources," the AFL reversed an earlier decision that it would be unable to attend any European meeting before March 29, and agreed to take part in the London labor conference planned for March 8-10. (The AFL is not a member of the WFTU).

Conference of Participating Countries

Following indications that the Department of State had withdrawn its disapproval of an early meeting of the participants in the European Recovery Program, it was announced in Paris on February 28 that the French Foreign Office had issued invitations for a conference to take place on March 15. It was stated that two plenary sessions--attended by the foreign ministers of the sixteen countries--would be held to draw up an agenda and appoint a working committee to proceed with the tasks set.

2. Other Foreign Aid

Total U. S. Foreign Aid Expenditures

In the course of the month, the Administration also requested Congressional appropriations for further aid programs in behalf of China, Greece, and Turkey. These are discussed under the appropriate country sections in Part III.

Through Ambassador Douglas, the Department of State submitted to the Senate Foreign Relations Committee on February 6 a revised estimate of its total foreign aid expenditure up to June 30, 1949. The over-all figure amounted to \$9.333 billion, the \$250 million above previous estimates covering additional requirements under "other foreign aid including China." Apart from the \$6.8 billion for the European Recovery Program, the figure of \$9.333 billion included \$1.4 billion for "Government and Relief in Occupied Areas," \$133 million for "Philippine War Damage, Rehabilitation and Veterans Benefits," and approximately \$1 billion for "Other Foreign Aid, including China." The last item included, in addition to aid to China, Greek-Turkish military aid, an Army request for Japanese-Korean reconstruction, inter-American military co-operation, and Trieste aid.

3. International Long-Term Development

Economic and Social Council: Sixth Session

The sixth session of the Economic and Social Council opened at Lake Success on February 2 at which time, Dr. Charles Malik of Lebanon was named President for 1948, succeeding Sir Ramaswami Mudaliar of India. Forty-five items proposed for consideration by the agenda committee were all accepted, but not without objections by some countries to certain of them. The United States was opposed to the inclusion of an item entitled "Damage Caused to the Federal People's Republic of Yugoslavia by the Withholding of its Gold Reserves by the United States of America" on the grounds that neither arbitration nor judicial determination were proper functions of the Council. The Soviet bloc objected to discussion of slave labor by the Council instead of the Commission on Human Rights, and to inclusion of items

relating to the Havana ITO conference since reports on these subjects had not yet been drafted.

On February 4, the United Nations Department of Economic Affairs presented to the Economic and Social Council a 350-page report on the "salient features" of the world economic picture from 1945-47. In summary, the survey indicated that "two years after the end of the war, the world is producing less than it did a decade earlier for a population now 200 million greater." It was pointed out that "while the economic potential of the United States increased enormously during the war, that of many other production centers has considerably diminished; this shift in the world's production facilities is at the root of the current dollar shortage." The information on which the study was based was submitted voluntarily by the member governments. The Soviet Union was mentioned only briefly due to lack of material.

In debate on the report in the Economic and Social Council, Soviet delegate Amazasp A. Arutiunian on February 5 challenged the validity of the conclusions of the study, and charged that the compilation of population and production statistics was premised on "old-fashioned" theories and incomplete data. On the 24th the British delegate answered this complaint that the report did not include references to economic progress. He said that the Soviet Union had a moral obligation to provide accurate facts and figures to be published in the United Nations Monthly Statistical Bulletin, which it had not done. Later that day the Canadian delegate introduced a resolution under which the council would take note of the world economic report and recommend that the Secretary-General, in preparing future reports, take into consideration the views presented at the current session of the council. The resolution, with a minor amendment, was adopted unanimously.

Other decisions taken on various matters considered during February are noted in appropriate sections of Part II. In the course of the month, the secretariat released two other reports of considerable general interest that had been prepared for the use of the council: (1) "Economic Development in Selected Countries," the first in a series that will cover all the major areas of the world; and (2) a comprehensive report on the "Foreign Exchange Position of Devastated Countries," covering 21 countries up to July 1947. The latter study concluded that "the task of European reconstruction, not to mention that of the Far East, is far greater than foreseen when the International Bank ... and ... Fund were created and when the major postwar inter-governmental credits were granted." The meetings of the council were scheduled to continue into March.

Food and Agriculture Organization: Regional Conferences

A Near East regional conference was convened in Cairo on February 2. Representatives of the FAO member states, Egypt, Ethiopia, Iraq, Lebanon, and Syria were present, as well as observers from Iran, Saudi Arabia, Turkey, and Yemen. Among the subjects discussed were artesian and river irrigation, locust control, minimum standards for housing and health in areas to be developed, a study of the appropriateness of land tenure in the Near East, and the establishment of an FAO regional office in Cairo.

At the conclusion of a five-day conference of the 17 European national committees of the FAO on February 21, Sir John Boyd Orr, Director General of the organization, said, "Europe's food position will be very grim between now and next August.... We will have a hard time to get through." A permanent European office for the FAO, to be located in Rome, was created by the conference.

Meetings on nutrition and fisheries convened in Baguio, the Philippines, on February 23 with representatives present from Burma, France, India, Italy, the Netherlands, Philippines, Portugal, the United Kingdom, the United States, and China.

Economic Commission for Europe

During February, the Inland Transport Committee and the Steel Subcommittee, both organs of the Economic Commission for Europe, held meetings in Geneva. On the opening day (2nd) of the second session of the Inland Transport Committee, five additional countries (Austria, Luxembourg, Norway, Poland, Great Britain) adhered to the agreement to grant or maintain freedom of transit for all goods transported by road until July 1948—bringing the total number of co-operating governments to 14. Before the session closed on February 9, the following had been accomplished: (1) establishment of a working party to facilitate, through co-operation with the FAO, the movement of perishable foods throughout Europe by the use of fast refrigerator service and other means of rapid transportation; (2) the setting up of machinery under which experts would attempt to develop ways to achieve the most rational movement of coal; and (3) agreement by all but one member country on an accord for the resumption of the prewar system of automatic exchange of railway wagons in international traffic.

At the opening of the first session of the Steel Subcommittee on February 9, Gunnar Myrdal, executive secretary of the Economic Commission for Europe, said, in addressing the delegates, "... there are indications that as reconstruction progresses and as great national economic plans for industrial development are put into effect, steel shortages will become more and more marked. In other words, although the supply of steel is increasing, demand is increasing at a more rapid rate. Here, then, is a problem that affects all countries in Europe--a problem in the solution of which we all have a large stake." As a result of the closed four-day conference of the subcommittee, Belgium, France, Italy, Luxembourg, Norway, and Sweden were scheduled to receive additional supplies of metallurgical coke to be diverted from non-steel-producing areas. This decision was made possible by the offer of the Anglo-American zone of Germany to increase by 45 per cent its export of metallurgical coke. On February 25 the necessary shift in coal allotments was approved by the Coal Allocations Committee.

The report of the ECE was discussed by the Economic and Social Council on February 10. In general, the Council delegates gave the study favorable acceptance. However, the Soviet representative criticized the recommendations on industry, materials, and electric power as interfer-

ing with the internal affairs of sovereign states. He also added that bilateral agreements which could aid international trade had not received enough attention, and further pointed out that action should not be taken which would promote policies of certain occupying powers in Germany. In response to this last criticism, the U.S. delegate said that because of the lack of unified economic administration in Germany it had been necessary for the commission to act through zonal authorities.

Economic Commission for the Near East

The Economic Committee of the Economic and Social Council on February 24 established an ad hoc committee to study the creation of an economic commission for the Near East, as proposed to the council, and to report to the next session of that body. The committee includes China, Egypt, France, Iran, Iraq, Lebanon, Turkey, Great Britain, the United States, the Soviet Union, and Venezuela.

Economic Commission for Latin America

The Economic and Social Council approved the establishment of an Economic Commission for Latin America, as recommended by its ad hoc committee, on February 25. The United States delegate abstained from voting on the issue because he said it would be impossible to tell until after the Bogotá conference of American states whether this commission would duplicate existing functions of the Pan American Union and the general inter-American system of co-operation. Membership in the commission was requested by the Soviet Union during committee discussion on the grounds of its role in settling international economic problems, but was denied by a vote of 12 to 3. The membership as approved would include--besides the Latin American countries--the United States, Canada, Great Britain, France, and the Netherlands. It was decided that headquarters for the commission should be in Santiago, Chile.

Economic Questions at Bogota

In a general article on the forthcoming inter-American conference at Bogotá, entitled "Sovereignty and Interdependence in the New World, Comments on the Inter-American System" (released by the Department of State on February 14), it was pointed out that attention would be paid to the subject of economic co-operation, "the basic question [arising] between the view that the economic development of Latin America is a long-range problem in which private enterprise should play an important role and the view that underdeveloped economic areas, such as Latin America, require the same urgent and extraordinary governmental assistance as is involved in the approach to the problem of the recovery of war-devastated areas of high economic advancement." Questions which the conference might consider in the economic sphere were enumerated: (1) ways and means that would advance economic development and industrialization as rapidly as possible; (2) the treatment to be given foreign capital and skills (perhaps involving a restating of the rights and obligations concerned in international investments); (3) the raising of the standard of living in the American republics; (4) the application of the principles and practices presented in the proposed International Trade Organization charter; (5) the availability of

goods in short supply, necessary for development and industrialization; (6) balance-of-payment problems; and (7) the contributions that the republics of Latin America could make to the economic rehabilitation of Europe.

On February 25, the text of a draft basic agreement on inter-American economic co-operation was released. This will be the working document forming the basis of discussion at Bogotá. It covers technical and financial co-operation, private investments, co-operation for industrialization, social guarantees, inter-American travel, settlement of economic disputes, and co-ordination with United Nations economic organizations.

B. COMMERCIAL POLICY

1. International Trade Organization

Havana Conference

By the beginning of February, the countries meeting in Havana to reach agreement on a charter for an International Trade Organization had sent the major issues on which they had failed to reach agreement to a special Co-ordinating Committee, which they hoped would be able to resolve their difficulties and conclude the conference during the month. This proved impossible to achieve and, by the end of February, the most optimistic forecast was the middle of March. During February various compromise agreements were reached or approached on some of the more difficult provisions and other articles were cleared through the regular standing committees. Developments concerning the more important questions under discussion, so far as public information was available, are summarized below.

As drafted at Geneva, the trade Charter permitted the use of quantitative restrictions and the establishment of new preference systems, "in the interest of programs of economic development or reconstruction," only if prior approval was secured from the International Trade Organization. Objections to these provisions had been voiced by all of the less developed countries on the ground that such measures would be necessary for governmental aid in the industrial development of their countries, and that the requirement for prior approval interfered with national sovereignty. The first sign of agreement on this issue came on February 2 when the Organization Committee accepted a voting procedure whereby each member would have one vote. Although the United States delegation had earlier favored a system of weighted voting, it acceded to the preference of the underdeveloped countries for a system that would give them more power in deciding issues brought before the Organization, such as the authorization of quotas. On February 9, the Co-ordinating Committee discussed the possibility of assuring automatic approval of an application for the use of quotas or preferences if certain conditions obtained. The delegates from Chile, Mexico, and the Philippines presented to the committee on the 13th a list of criteria which set forth the conditions they felt would warrant such approval. When the United States delegation said that it would be unable to accept this list, it was asked to present its counter proposals.

These were included in a statement of the final United States compromise position which was given to the Co-ordinating Committee on

February 24. According to this statement the use of quotas would be permitted for three types of industries: (a) infant industries established since 1940; (b) industries processing indigenous primary products if trade restrictions imposed by other countries reduced exports so that a surplus of the product accumulated; and (c) the same industries if protection was necessary "to achieve a fuller and more economic utilization of the applicant's natural resources and manpower and eventually to raise the standard of the country." A similar compromise was offered with respect to automatic approval for new preference systems.

Objections to the United States proposals were voiced by Colombia which requested inclusion of agricultural products among those for which quotas would be permitted and by Chile with respect to new preferences. The Chilean suggestions were so far out of line with the compromise that the U. S. delegate, Clair Wilcox, withdrew the United States proposals, stating that he did not intend to have an honest attempt to meet the demands of the underdeveloped countries opposed by extreme demands. The compromise proposals were then reintroduced by the Australian delegate, and consideration continued.

The criteria which the United States proposed for approval of new preferences stated that the participant countries must have contiguous territories or be members of the same "economic region", a term that does not necessitate geographical proximity. Other provisions were that the use of preferential rates must be necessary to develop or reconstruct industry or agriculture and that the rates established must be sufficiently low to ensure the success of the project. In no case would increases in the most-favored-nation rates be allowed, and if the preference system harmed the trade of other International Trade Organization members, then certain specified procedures would have to be followed so that an adjustment could be made. Preferences set up under automatic approval could be maintained for 10 years only, although a five-year extension could be obtained if approved by the ITO.

The articles of the charter providing for general most-favored-nation treatment, for the general elimination of quantitative restrictions, and for nondiscriminatory treatment whenever quotas are applied, were approved by the Commercial Policy Committee on February 16 and 18. The adoption of these basic principles for the conduct of trade was a major step toward the establishment of an effective ITO, even though in many cases approval had been given only on the condition that Article 13 (which will set forth the circumstances under which such restrictive measures may be used for economic development and reconstruction) should be acceptable in its final form.

Although the European countries had agreed at Geneva to the rigorous safeguards concerning exceptions to the discriminatory use of quantitative restrictions by countries experiencing balance-of-payments difficulties, recent economic developments forced these nations to ask for more liberal treatment at Havana. A compromise that was reached by the United States and the European nations at the end of the month would allow greater latitude in the use of discriminatory measures during the postwar transition period. However, it was decided that the end of the transitional

period should be determined by the ITO in collaboration with the International Fund as soon as conditions warranted for each country. The Swiss, who had no balance-of-payments difficulties, proposed an amendment which would allow a country to utilize any necessary measures, including discriminatory ones, if its economic stability were impaired or threatened. The Swiss had in mind, in particular, the fact that discriminatory measures instituted by countries having balance-of-payments difficulties were threatening their export markets and therefore the Swiss exchange position. In such circumstances, the Swiss stated, they wanted the right to use retaliatory measures. Because the United States and many of the European nations, although unable to agree to this proposal, felt that the Swiss position needed more consideration, the problem was referred to the Interim Commission of the ITO with instructions that a report be made to the first ITO Conference.

Treatment to be accorded by ITO countries to trade with occupied areas in former enemy states was still under discussion at the beginning of February. The United States delegation had proposed an amendment which would have the effect of applying to Germany and Japan the provisions of the Charter during the period of military occupation. Czechoslovakia and Poland opposed the amendment on the ground that it would be necessary to consult all occupying powers before making a decision (the Soviet Union has not participated in the trade discussions) and that the armistice and Potsdam agreement would not allow application of the trade principles being established. Other countries, including Great Britain and France, were opposed to the amendment as presented by the United States. On February 17 a working party approved an amendment which stated that, "on application of the competent authorities," the conference of the ITO would determine the conditions which should apply to occupied areas.

On February 15 the Commercial Policy Committee adopted an amended section of the Charter relating to the use of subsidies. As redrafted, this section incorporated most of the views of the United States delegation and would apply the same treatment to any form of subsidy which directly or indirectly increases exports. It strongly urged the use of commodity agreements for solving surplus problems; but if negotiations for such agreements fail, any subsidies applied must not operate in such a way as to acquire for any product of a country more than an "equitable" share of the world market. "Equitable" was not defined, but would be determined by negotiation.

2. International Organization in the Field of Services

a) Merchant Shipping

U. N. Maritime Conference

On February 19 the United Nations conference to consider the establishment of an inter-governmental Maritime Consultative Organization opened at Geneva. The purpose of the meeting is to agree on the constitution and scope of such an organization which might then be brought into relationship with the United Nations. Contrary to the procedure decided on for the International Trade Organization conference at Havana, this conference was authorized by the current session of the Economic and Social

Council (on February 3), by a vote of 9 to 8, to give voting rights to all participating countries, whether United Nations members or not. The main source of disagreement among the members concerned the question of the scope of the proposed organization's activities. The Scandinavian countries, especially, were unenthusiastic about any organization and at the most wanted it limited to technical matters only. At the other extreme were the "undeveloped" countries which were particularly anxious to have the organization authorized to examine national shipping policies, particularly in the matter of discrimination. The American position was about in the middle, supporting the draft constitution being discussed, which includes discrimination as appropriate for the organization's attention, but only in broad terms and in an advisory capacity. On the 23rd, the conference agreed on a paragraph providing for international technical co-operation and improvement of navigation efficiency. The next day it approved broad powers for the organization to deal with discrimination in world shipping according to precedents set by the International Trade Organization or other United Nations agencies. It was also agreed that direct appeal might be made to the organization by member governments both on technical problems and on government and private-concern policies of discrimination.

3. Foreign Commercial Agreements

European Customs Union Discussions

As the month opened, delegates from 14 European countries and observers from the British Dominions, Switzerland, and Sweden, met in Belgium for discussion and study of Western European customs union possibilities. The meeting (an outgrowth of the earlier Paris economic co-operation conference on the European Recovery Program) decided to establish a permanent office in Brussels to draw up a common tariff nomenclature, and appointed a committee to examine more fully the probable effects of a customs union on the member countries. Later in the month (February 25) the preparatory commission appointed at Brussels met in Rome to consider the broader economic questions involved in the establishment of a union, the Brussels meeting having been concerned mainly with tariff aspects. The commission was composed of Great Britain, Italy, France, Belgium, Holland, Luxembourg, Switzerland, Greece, and Denmark.

On February 7 the French Council of Ministers approved a report, already accepted by the cabinet, on the gradual establishment of a customs union with Italy, as drawn up by a joint committee in the fall of 1947. The U. S. Department of State, in notes to the French and Italian Ambassadors in Washington, expressed its gratification "at the progress made by the Mixed Commission in studying the practical problems involved" and in its conclusion that a customs union was "practicable." Realization of such a union and of "an eventual economic union between France and Italy," the Department continued, "would be of historical importance not only for the two countries but for Europe as a whole."

Some of the difficulties in the way of establishing a general customs union, however, were pointed out on February 11 by the French representative on the Franco-Benelux Co-operation Council: one of the major obstacles was failure to reach a settlement on Germany, and until such a

settlement was arrived at, he said, there was little possibility of achieving the necessary stability for such a union.

The Foreign Ministers of Denmark, Sweden, Iceland, and Norway met in Oslo on February 23 to discuss the possibility of wider Scandinavian economic co-operation. Early in the month, following British Foreign Secretary Bevin's speech of January 23, the Prime Minister of Denmark and the Foreign Ministers of Norway and Sweden (February 4 and 7) had each taken occasion to point out that their participation, in either Nordic co-operative moves or broader co-operation through the Marshall plan, did not indicate that they were joining any political or military "bloc." On the 24th, at the close of their meeting, the Foreign Ministers issued a communiqué emphasizing the importance of the European Recovery Program to European reconstruction and declaring their intention of participating in the task of promoting economic co-operation among the 16 participating nations. At the same time, they announced steps to be taken toward forming a customs union among themselves. In this connection, the communiqué stated:

"It was agreed that the joint northern committee for economic co-operation, which the Foreign Ministers' conference in Copenhagen on August 27 and 28, 1947 agreed to set up, should be established immediately, and should meet in Copenhagen in March, or in April at the latest.

"As a contribution to general economic reconstruction after the war, the committee will consider questions which are of common interest to the northern countries' economy, primarily the following: the possibility of establishing a common northern customs tariff as a preliminary step to further work towards a northern customs union; the possibility of a reduction in customs rates and a limitation of quantitative trade restrictions among the northern countries; the possibility of an extended division of work and increased specialization between the northern countries in collaboration with the various branches of industry and commercial and professional organizations. ..."

British Trade Negotiations

On February 3, it was announced in Rome that the joint British-Italian standing economic committee had reached agreement on the provisional fixing of imports of each from the other at \$45 million. The following day, a report from London indicated that the Italian Government was studying a draft treaty of commerce and navigation with Great Britain, intended to replace the treaty of 1883 which became invalid upon Italy's entrance into World War II.

The president of the Board of Trade disclosed on the 6th that Great Britain had also come to an agreement in principle with the Belgian Government at trade talks then in progress. In addition to Belgium and Luxembourg, these negotiations covered the Belgian Congo, a substantial source of supply for British industries, and it was expected that they would lead to increased imports for Great Britain, especially in steel, flax, and fertilizers.

Lengthy negotiations were finally concluded between the United Kingdom and Argentina on the 12th, with the signing of the Andes Agreement (unanimously approved by the National Economic Council of Argentina on the 17th). Under this treaty, the British were to obtain all the foodstuffs they required from Argentina during the ensuing 12 months, at a cost of approximately £110 million. In return, British-owned railways in Argentina were to be transferred to the Argentine Government, under somewhat complicated financial provisions, at a price of £150 million to be paid by March 1. Further, Argentina agreed to purchase British coal, gasoline, steel, tin plate, and copper; to give preference to British firms for equipment and services; and to extend most-favored-nation treatment to the import of British goods. The net result, as explained to the House of Commons by Sir Stafford Cripps on February 23, was that Great Britain had promised to exert its utmost efforts to facilitate the supply of those goods most urgently required by Argentina, while it had obtained a guarantee of urgently required foods and raw materials. In addition, Argentina had agreed to open its market to some extent to less essential requirements and had promised to open it still further should conditions prove favorable.

C. SOCIAL POLICY

1. International Social Co-operation

World Health Organization

February 7 marked the formal beginning of the World Health Organization. On that day, at the final meeting of the interim body, the chairman, Dr. Stampar of Yugoslavia, announced that ratifications had been filed by 29 members of the United Nations, three more than required to establish the agency. The interim commission called the first meeting of the World Health Assembly for June 24 in Geneva. It also adopted a budget of \$6 million for the organization. This budget made provision for fellowships, teaching equipment, medical supplies, campaigns against malaria, tuberculosis and venereal diseases, and a program for mother and child welfare. (The United States has not yet ratified the agreement.)

2. UNESCO

Monaco's Membership Application

On February 5, the Economic and Social Council considered Monaco's application for membership in UNESCO, which had been referred by that organization in accordance with the agreement between UNESCO and the United Nations (whereby the council is permitted the right of prior rejection of applications from states not members of the United Nations). The council stated that it had no objection to such membership but that UNESCO, in making its decision on the application, should consider the general problem of membership for "diminutive" states.

National Commission Session

At the two-day session of the National Commission for UNESCO, held in Washington on February 18 and 19, a resolution was adopted for a

broad study of international communications with the co-operation of broadcasters and publishers invited. One of the delegates filed a formal protest against holding the next general meeting of UNESCO in Beirut, Lebanon, as scheduled, on the grounds that a country that did not abide by United Nations decisions should not be the site of a United Nations organization's meeting. The protest, based on Lebanon's opposition to the Palestine partition, was referred to UNESCO's executive committee. A resolution was adopted to study charges that foreign scientists and students who had requested visas to travel in the United States had been screened by "third degree" methods to detect Communists. During the two days' discussion, stress was laid on the need for UNESCO to accomplish some short range objectives to combat public impatience with its more important long range program. Just before the session, the Commission made public the report of the United States delegation to the general UNESCO conference held in Mexico City last November.

3. Displaced Persons

International Refugee Organization: Preparatory Commission Meeting

The fifth meeting of the International Refugee Organization preparatory commission was concluded in Geneva on February 2. In the final resolution adopted by the group three major policy decisions were outlined: (a) to set a limit on the number of refugees requiring immediate resettlement; (b) to attempt to obtain agreement from all countries to accept a "fair share" of the total number of refugees in existing family groups; and (c) to secure adequate funds for the financing of overseas movements of emigrants on a large scale. Although recommendations were made, the final date beyond which IRO would accept no new refugees could not be set until the general council was established by the ratification of the constitution by two additional members of the United Nations. In order that large groups of refugees could be resettled, the commission decided that the attention of members and nonmembers should be drawn to the intention expressed in the constitution to establish a \$5 million fund through voluntary contributions for major colonization projects in undeveloped areas.

On February 3 the executive secretary stated that 157 thousand refugees were still in European camps because of lack of transportation. He said that by contributing to the shipping fund which the commission was creating, countries would be reducing their future obligations under IRO since maintenance of these persons in camps cost about \$21 million a year. Recent offers for resettlement of additional refugees had included: Canada, 50 thousand; Australia, 30 thousand; various South American countries, 80 thousand; Great Britain, 20 thousand; Belgium 50 thousand to 60 thousand; and France, 40 thousand. About 200 thousand refugees were on the list for repatriation to Poland at their own request.

III. POLITICAL PROBLEMS

During February the outlines of the plan for a Western European Union, proposed by British Foreign Secretary Bevin in his address before the House of Commons on January 22, were more clearly defined. It was announced on February 6 that France and Britain were drawing up draft treaties of mutual defense based on the Dunkerque treaty for the consideration of Belgium, Holland, and Luxembourg. The next day, following discussions with British Minister Hector McNeil, Belgian Prime Minister Spaak said that Bevin's speech had aroused great hopes and added: "We have been put to the test. We are ready to accept political alliances. We shall not repeat pre-war errors." At the same time he urged an economic agreement upon Britain as a necessary prelude to an economic union. On the 12th, in asking the Foreign Affairs Committee of the Belgian Senate to support Bevin's proposal, he stated that such support must be conditional on settlement of German problems in agreement with the Benelux group.

French Foreign Minister Bidault, on the 13th, declared that France must become the champion of European union. After commenting on the Anglo-French offer to extend the Dunkerque treaty to the Benelux group, Bidault laid special emphasis on the paramount need for developing economic co-operation between the Western European nations. French and British diplomatic representatives in Brussels on February 19 handed the Belgian Prime Minister the text of a draft treaty for Western European co-operation, with the intention that it should provide a basis for discussion. It was alleged to have been drawn up on the lines of the Dunkerque treaty, which Premier Spaak said later (at a meeting of the Foreign Affairs Committee of the Belgian Chamber) did not provide sufficient safeguards. He urged that any such treaty should be supplemented by military and economic agreements.

Following long discussions between representatives of France, Great Britain, and the Benelux group, the Prime Ministers of Belgium, Holland, and Luxembourg met in Brussels on the 29th and were reported to have reached an agreement of views on the proposed five-nation pact. A meeting of the five countries was scheduled for the first week in March at which time details of the pact were to be discussed.

A. POLITICAL INDEPENDENCE AND FREE INSTITUTIONS

1. France

Economic and Monetary Reforms

With the coming into force of monetary reform, France faced two major problems as February opened. One concerned the attainment of a balance between wages and prices, and the second had to do with the assurance of a national meat supply in the light of declining deliveries of livestock at the slaughter houses of Paris. The seriousness of the first question was evidenced in pressing demands by the Communist-dominated Confédération Generale du Travail for a higher minimum wage. The government set levels

of wages and prices on January 1 with the understanding that they would remain the same until June. Prices, however, had risen, reducing purchasing power to a minimum. Also, the effects of strikes were still being felt.

On the monetary scene, people swarmed to the banks to turn in 5,000 franc notes, the deadline for which was the 3rd. This was extended until the next day, however. Meanwhile, the opening of the free market in gold was delayed by the Council of the Republic, the upper house of the parliament. A group representing colonial territories--and backed by the Communists--led a movement to eliminate from the franc-devaluation provisions the African colonies, the West Indies, and Saint Pierre et Miquelon. Experts pointed out that the free exchange operating in dollars and escudos was only nominal, and would continue to be until negotiations in progress to introduce Belgian and Swiss francs had been concluded. The Belgian Ministry of Finance announced on the 4th that it would not apply for introduction of a free quotation of the Belgian franc in Paris, and that money transfers would be continued at the official rate of exchange. Minister of Finance Mayer in a broadcast to the people on February 5 asserted that the monetary operation had been completed, thus giving assurance that 1,000 franc notes would not be withdrawn. Mayer declared that "nobody need have further fears for his bank notes, his bank or postal saving account, or his treasury bonds." He supported the monetary reforms with the assertion that "if the Government had not devalued the franc, it would soon have been necessary to shut factories, dismiss workers and load a thin budget with unemployment maintenance."

On the 6th the Agricultural Ministry reported that coal production for January had reached the highest level since the liberation--120 per cent of the monthly average in 1938. The Ministry also said that the meat shortage would be alleviated by the release of frozen meat stored by the government, to be sold at prices well below the ones asked for fresh meat. Several days later (9th), in an effort to halt the upward trend of food prices in general, the Under-Secretary of State for Agriculture in charge of the food services announced the following four measures designed to act as palliatives: (1) weekly publication by the press and radio of wholesale, retail, and consumer food prices; (2) the importation (within the two following weeks) of vegetables, including 35,000 tons of potatoes from the United States; (3) the selling of French and imported wines at special prices in wine shops; and (4) better enforcement of the provisions for displaying wholesale and retail prices side by side as well as stricter control of profit margins.

The Under-Secretary in Charge of Economic Affairs told a meeting of the Economic Council (the new advisory body presided over by Premier Schuman and comprised of the majority of the cabinet members) on February 10 that if more dollar credits for imports were not made available, industries might be paralyzed in April, May, and June. He explained that France had neither sufficient gold nor dollars to purchase the raw materials necessary to keep factories operating after April 1. The estimate was given that metropolitan France alone needed, at a minimum, \$120 million a month for vital imports, and that since September it had imported on about half that scale through interim aid and other credits and by using up the gold supply. Exports virtually stopped at the beginning of 1948, forcing devaluation of the

currency. These were expected to resume at lower prices, but the three-month time lag caused a delay in the collection of dollars.

On the 12th, the problem of prices and wages became even more apparent as the government presented a price-control bill to the National Assembly, and labor declared that due to a 20 per cent price rise a corresponding increase in wages was needed. The bill under debate by the Assembly forbade the raising of prices on goods above January 15 levels unless a real increase in costs could be proved, and provided severe penalties for violations. On the salary question, even the newly formed anti-Communist Force Ouvrière announced on the 12th that if the cost of living could not be reduced, higher wages were necessary--thus taking essentially the same stand as the Communists.

The National Assembly, on the 18th, accepted the first part of the government bill intended to keep prices down (326 to 228). The next day it passed (336 to 188) a law designed to control prices--providing for punishment of those guilty of "illegitimate" price increases since January 15, and setting up complicated machinery for the determination of price legitimacy.

Premier Schuman asked a vote of confidence from the Assembly on another economic measure on the 20th. He demanded a decision on the government's plan to reject a proposal for a rapid, unconditional reimbursement of the 5,000-franc notes withdrawn from circulation, explaining that the success of his entire fiscal and economic program was involved. The Finance Minister stated that this withdrawal of banknotes was for the purpose of furnishing means of collecting delinquent taxes, and pointed out that 122.5 billion francs in taxes due on February 1 had not been paid. On January 30 the government had been granted two months in which to set forth terms for reimbursement, and the Premier said that such a plan was nearly completed. At a cabinet meeting held on February 21, it was decided that the government would issue on the 23rd a decree fixing the time for reimbursement on the 5,000-franc notes--those surrendering up to 70,000 francs to be repaid within a few days; those turning in more to be reimbursed only after payment of taxes, including the special anti-inflation tax. The Assembly on the 24th upheld the Premier by a vote of 291 to 268, with 39 Conservative abstentions. A spokesman for the abstainers said that in view of the serious international situation, especially in Czechoslovakia, it had seemed wise to let the government remain in office despite the unpopularity of the measure involved in the vote of confidence. In a broadcast on the 28th, Finance Minister Mayer supported his anti-inflation levy, and declared that to abrogate it would mean the abandonment of reconstruction and a return to inflation. He warned: "This would be to renounce our aim of stabilization and prepare the way for swift and final ruin of the franc."

Opening of Franco-Spanish Frontier

On February 10 the frontier between France and Spain, which had been closed for two years, was opened as a consequence of an agreement between the two countries. Railway, sea, and air traffic became operative, as well as postal, telegraphic, and telephonic communications. The French

Foreign Ministry said that after March 1 normal Franco-Spanish commercial relations would be resumed--negotiations toward this end being immediately scheduled. This announcement marked: (1) the termination of a policy supported by the Communist party as against Foreign Minister Bidault when that party participated in the government; and (2) the close of French persuasion of the United Nations to use an economic boycott against Spain to force the overthrow of the Franco government. The "French-Spanish friendship group" in the parliament, led by a Communist, Socialist, and Popular Republican, protested regarding the opening of the frontier--terming it "a sacrifice of the permanent interests of the country to the immediate commercial advantages." Trud, the Soviet trade union newspaper, observed on the 8th that Spain would be utilized as a bridgehead in the struggle against democracy and as one of the resistance points of the Western bloc suggested by British Foreign Secretary Bevin.

2. Italy

New U.S.-Italian Treaties and Agreements

Two new treaties and agreements between the United States and Italy were concluded early in February.

A treaty of friendship, commerce, and navigation was signed on February 2 in Rome by Ambassador James C. Dunn for the United States and Foreign Minister Carlo Sforza for Italy. This document replaced the 1871 treaty of friendship between Italy and the United States which had been terminated on December 15, 1937 by mutual agreement. Based in general upon the principle of mutuality, the treaty set up standards governing the relations between the two states in a wide field of activities, including articles relating to the status and activities of persons and corporations, protection of persons and property, commercial principles, and exchange control.

The Department of State announced on February 6 the conclusion in Rome of a bilateral air transport agreement between the United States and Italy. The document was the 23rd such bilateral accord to which the United States had become a signatory. Based upon reciprocal rights and the broadest possible freedom consistent with national security and sound economic policies, it provided for the "fifth freedom"--the right of an airline to carry traffic between two points outside its own national territory.

Government Moves Against the Communists

On February 1, direct evidence of Leftist activities to undermine the government became apparent. In Rome, representatives of seven Left-Wing organizations met to elect officers to the Communist-dominated People's Front and to approve a platform. This included statements concerning the expropriation of large estates, participation of workers in management, expropriation of monopolistic enterprises, democratization of the large banks, the Army and the Navy, and popular control of important economic resources. The platform also advocated friendship with "all countries that love peace and freedom," and the defense of the freedom and independence of Italy "which does not wish to become the instrument or battlefield of other

nations' designs against free peoples." Leftists in Milan were said to be organizing a "private army."

It was disclosed on the 4th that the government had ordered the Navy to increase surveillance of the Adriatic coast to prevent the smuggling of arms into the country from Yugoslavia and Greece. This aroused the fear in Rome that Communists were preparing for an armed insurrection to take place if the Left Wing were defeated in the forthcoming election. The same day the official gazette published a decree authorizing the government to add 20,000 men to the police force. The newspaper Tempo said that "there is no doubt that the Communists intend in the more or less distant future to plunge Italy into a frightful civil war."

The de Gasperi cabinet met on the 5th and selected April 18 as the election date. It also approved a decree outlawing all private associations of a military nature, thus taking direct action against the so-called private army of the Communists. The cabinet supplemented this decree with a series of measures providing severe penalties for persons illegally carrying arms, possessing explosives or using them to influence the public or start riots. These were the first instances of direct action by the de Gasperi government against the Communists. It was noted that the Premier refrained from dissolving the National Association of Italian Partisans--making it clear instead that if that organization engaged in forming groups of a military character, it would come within the terms of the decrees. The government also ordered the Army to be alerted and the carabinieri to remain in its barracks in the event of overt action. In Naples, the Right-Wing Socialist party, under the leadership of Giuseppe Saragat backed by about 80 per cent of the delegates, voted to continue collaboration with the de Gasperi cabinet--this move strengthening his government.

The vice president of the National Association of Italian Partisans indicated on February 6 that his organization would keep out of politics and limit its sphere of action to welfare work among the partisans. However, the extreme Left-Wing press was less amenable and attacked the decree prohibiting unauthorized military organizations. The Communist organ Unita and the Left-Wing Socialist Avanti described it as an electoral maneuver. Organs of the Independent, Center, and Right-Wing parties, however, praised the decision as a step toward free elections and internal peace.

Still another factor in Italian politics emerged on the 12th when the Vatican announced that the Catholic Church would use its power to aid the re-election of the de Gasperi government. About 300 bishops and 125,000 other clergy, in accordance with instructions from Pope Pius XII, started a campaign to counteract and refute propaganda spread by the Communists and affiliated Leftist groups.

Premier de Gasperi opened his party's (the Christian Democrats) electoral campaign in Rome on the 15th. The Premier warned that assistance from the United States would probably end if the Communists came into power, and asserted that the break between the Christian Democrats and the Communists was a final one. However, a municipal election held in Pescara favored the Left-Wing bloc. On the 17th all parties agreed in principle to a "political truce" until the April 18 election had been held. They

hoped by this means to avoid all pre-election violence and disturbances. One hundred and two parties intended to enter the campaign and a national committee, representative of all, was organized to enforce the "truce."

The Catholic Church became active on the 22nd when Pope Pius, speaking to 1,500 street-car motormen and conductors, defined the issue in the forthcoming elections as Catholicism versus Communist atheism. The Pope warned that "despite false rumors that have been circulated among you, the doctrine of Christian truth and faith is irreconcilable with materialistic maxims, support of which, whether one likes it or not and whether one knows it or not, means to desert the church and to cease being a Catholic." On the 24th all clergy were instructed to vote in the elections because "the gravity of the danger to which religion and public welfare are exposed necessitates the collaboration of honest men." As the month ended, Left-Wing parties attacked the clergy for its anti-Communist stand.

3. Greece

American Aid Program

The "Second Report to Congress on Assistance to Greece and Turkey," covering the period from the inception of the program to December 31, 1947, was submitted by President Truman on February 16, 1948. In his letter of transmittal the President stressed the "ever-increasing pressure by the Communist minority" and pointed out that the guerrilla warfare was "directed not against the Greek Army but against the people of Greece," with the intention of driving the people from their homes into the already crowded cities and of creating "conditions of misery and hardship in the hope that this will make them susceptible to political agitation." While the American Mission was doing all it could to improve the economic strength of the country and had accomplished a considerable amount, the President said, it was "increasingly clear ... that economic recovery in Greece must await the establishment of internal security." Consequently, at the close of the year an additional \$14 million of aid funds had been transferred from the economic to the military program for forming additional National Defense Corps battalions. Despite these adverse developments, the President found the situation "not without encouragement," since Greece was still a free country, while the announcement of a "government" by the Communist guerrillas appeared "to have been an act of desperation and not of strength."

Further funds for military assistance to Greece and Turkey were requested from Congress by U. S. Secretary of State Marshall on February 26. The sum of \$275 million was asked, "exclusive of any economic assistance which will be provided under the European Recovery Program, if that program is authorized by the Congress." He continued: "The urgency of prompt action by the Congress is emphasized by the necessity for maintaining unbroken the supply lines from this country which support the Greek armed forces now in the field combating the guerrillas. Additional funds are required for the Greek program by April 1 if this flow is to be maintained."

Vote of Confidence in Government

The Greek Government won a vote of confidence (190 to 90) from the Chamber of Deputies on February 20 after a debate on the conduct of the

war against the guerrillas. During the meeting former Premier George Papandreou, leader of the Social Democrats, accused the government of lack of determination in dealing with the guerrillas. He advocated the arming of all male citizens in all villages. Concluding the debate, Premier Themistocles Sophoulis charged the opposition with "defeatism" in provoking a discussion on internal security on the eve of a drive against the guerrillas. He added that the Greek Army was now fully equipped--due to American aid--and was in a position to pass to the offensive. After the vote, a bill was introduced to suspend the sitting of the Chamber; this was adopted with a provision for a recess until May 10, during which time the government was given power to issue legislative decrees.

New Role of U.S. Military Advisers

A new leader for the United States military mission arrived in Greece on February 24. Lieut. Gen. James A. Van Fleet, whose appointment had been announced in Washington on the 6th, declared on his arrival that he had come with no new or special instructions and that the mission's position was "advisory only." Nevertheless, a Greek Government announcement on February 15 said that the chiefs of both the United States and British military missions would become members of the Greek National Defense Council (the inner war cabinet) where they had previously sat in as observers and advisers. On the 29th Premier Themistocles Sophoulis announced that a meeting of the Defense Council on the preceding day, attended by Lieut. Gen. Van Fleet and Maj. Gen. S. B. Rawlins of the British mission, had reached agreement on the composition of the Greek regular army to minimize political influence on command personnel.

U. N. Special Balkan Committee

It was announced on February 25 that communications from the Special Balkan Committee had been dispatched on the 23rd to Bulgaria, Yugoslavia, Albania, and Greece, appealing for the establishment of normal diplomatic and good neighborly relations among themselves. The four similar letters called attention to the General Assembly resolution of October 21, 1947, which included such a recommendation, and pointed out that at present there were "difficulties militating against the establishment of normal relations" among the four countries. The committee added that it stood ready to assist in the resolution of these difficulties, and offered to receive representatives or to visit the governments concerned in order to hear all views.

4. Turkey

American Aid Program

It was explained in the "Second Report to Congress on Assistance to Greece and Turkey" (submitted on February 16) that extensive and careful planning had been necessary "to achieve the most efficient expenditure of the available funds" in the Turkish aid program. The \$100 million aid allocation was apportioned as follows: \$48.5 million to a ground-force program, covering a full range of army equipment including heavy defensive ordnance and vehicles; \$26.75 million to the air-force program, including

fighter, trainer, and cargo planes; \$14.75 million to the naval forces, including four submarines and a number of smaller vessels; and \$5 million for arsenal improvement. Although the transfer of military and naval equipment and supplies had been slow to start, the Report said:

"... the flow of shipments is expected to reach the point in March beyond which the only limiting factor will be the capacity of Turkish ports to receive cargo and of depot and inland distribution systems in Turkey to handle shipments. It is expected that virtually the entire schedule of requirements will have been shipped from the United States by the end of July 1948 if adequate arrangements for receiving and handling are made in Turkey. ..."

U. S. Secretary of State Marshall, in requesting from Congress on February 26 an additional \$275 million for military assistance to Greece and Turkey, said:

"Turkey has been under constant pressure to grant military bases in the Straits to a foreign power and to cede to that same power Turkish territory in the Kars-Ardahan region. ..."

"In the circumstances it has been necessary for Turkey, in the interest of her national security, to maintain a large military establishment which constitutes a severe drain on her economy but which cannot be further reduced without destroying the confidence of the Turkish people in their ability to resist aggression. ..."

5. States in the Soviet Orbit

a) Albania

Corfu Channel Case

The International Court of Justice, which opened its session in The Hague on February 26, immediately took up the Corfu Channel case, which had come before the Security Council a year earlier. That body, after three months of deliberation, had accepted a British resolution (opposed by Albania) submitting the controversy to the Court. Great Britain was demanding compensation for the loss of life of 44 seamen and damage sustained when two of its destroyers were mined in the Corfu Channel on October 22, 1944. The British Government contended that the Albanian Government was responsible for mine laying in international waters. The Albanian representative maintained that unless a state had accepted compulsory jurisdiction of the Court, it went before that organ of its own free will. The Albanian delegation admitted that it could save the British difficulty by admitting the competence of the Court, but asserted: "We have no intention of holding out a helping hand." The Albanian Government acceded that it was willing to appear, but was insistent on reservations in the manner in which the case was to be brought. Presentation of the case was scheduled to be closed on the 28th. It was expected a judgment would be rendered within several weeks.

b) Bulgaria

Political Trials

As an aftermath of the Nikola Petkov execution in September 1947, on February 4 the Bulgarian Government asked for either a death sentence or life imprisonment for Dimiter Gitchev--Petkov's aide and a leading Agrarian opposition leader. In the indictment, which also named four other persons, charges were made of both a political and economic nature including allegations that, in accordance with United States-British policy, the group attempted to organize a Bulgarian guerrilla movement in Greece for the purpose of assassinating government leaders, sabotaging economic progress, and effecting a coup d'état against the Dimitrov government. On the 6th, the U. S. Department of State issued a statement declaring that "viewed against the background of the present Bulgarian regime's past and current record and recent statements by Bulgarian officials," these charges and the arrangements for the Gitchev trial resembled "so closely the case of Nikola Petkov as to suggest strongly the Bulgarian Government's intention again to disregard its treaty obligations with respect to securing to its citizens the most basic human rights."

Change in "Fatherland Front"

The Fatherland Front, organ of Premier Georgi Dimitrov and the Communists, was changed from a loose federation of political organizations into a closely knit political group on February 4. Its directives became binding upon all members and affiliated parties. This move was the last step in the suppression of all opposition activity in Bulgaria. A major purpose of the reorganized Fatherland Front was said to be "the subordination of the minority to the majority." The Front stated that its foreign policy is based first upon that of the Soviet Union, and secondly upon "fraternity and unity with the peoples of Yugoslavia, including the creation of a federation of South Slavs." It suggested "further construction of one system of friendship, international collaboration and mutual assistance with Yugoslavia, Rumania, Albania, Hungary, Czechoslovakia, and Poland for joint defense against all aggression and for economic advantage."

c) Czechoslovakia

Communist Seizure of Power

At the opening of February, political circles in Prague centered their interest on the forthcoming election, the date of which was expected to be set for late April or early May by the parties in the National Front. Sudden opposition to setting such an election date came from the Communists who demanded more time for nationalization measures to proceed. At the same time a dispute developed within the Cabinet over the fact that Minister of the Interior Nosek (a Communist) was replacing key police officials in Prague and vicinity with trustworthy Communists. On Friday, February 13, a majority of the Cabinet (excluding the Communist ministers) directed the Communist Minister of the Interior to recall the new police appointments, but he ignored the order. Political tension continued to mount during the ensuing few days, and on February 19, with the whole country in a state

of crisis, the presidium of the National Socialist party told its ministers not to participate in the National Front or cabinet decisions unless "there be an immediate correction in the police service that will guarantee that this service is managed by the constitutionally responsible government and is not in [the] power of one political party." That evening (19th) the Social Democratic party, ordinarily close to the Communists, voted to join the parties fighting communist efforts to set up a National Front coalition--providing the opposition with 62 per cent of the voting power of the parliament.

On the 20th, the Socialist, the People's, and the Slovak Democratic parties' members in the cabinet decided to resign. They formed a bloc of 11 persons. However, the Social Democrats refused to follow in this decision. Premier Gottwald asked President Eduard Benes for authority to replace the 11 ministers. The next day, the President announced that he would not accept the resignations, and explained: "I will not accept, now or in the future, anything under any circumstances which would mean excluding one group or other from participating in the government." He added: "When the crisis began, there was a rumor that a government of officials would be formed. As soon as I heard from Premier Gottwald, I stated categorically that a government of officials does not exist for me and that I would never name a government of officials. We have a parliamentary regime." Benes also stated that he heard from the Premier "that there was an attempt to force the Communists to resign," and that he had told Gottwald: "...I would not accept your resignation. I will do nothing without hearing your opinion. For me a government without Communists does not exist. Furthermore the future government will not be without M. Gottwald. He is the leader of the strongest party. Even if a new government be named, it will be headed by M. Gottwald." Communist labor leaders on the 22nd disclosed that demands were being made in the economic field that would destroy the postwar compromise and very nearly completely nationalize the country.

As the crisis continued, an order from Nosek forbade persons to leave the country except with a special stamp from the ministry on their passports. President Benes' office said that within a few days he would explain his attitude and asserted that: "In the meantime he asks all citizens to maintain calm and order and to continue to work. He assures everyone that he acts in accord with the principles of parliamentary democracy and that he works to the end that all parties of the National Front seek to find unity to renew the collaboration of the whole National Front."

By the 24th, "action committees"--quickly organized under communist management--were taking over authority in all spheres throughout the country. A former premier, pro-communist Zdenek Fierlinger, reappeared as the president of the Social Democratic party. He had been removed from that post in 1947. The Minister of War, Gen. Ludvik Svoboda, told the Army in an order of the day that it must stand by the President, but cautioned: "Keep calm and confident. The Army must remain untouched. It is not concerned with what is going on among the parties. We shall check any anti-Soviet moves. We shall be on guard against foreign spies. We must remain true to the Soviet Union and to our allies."

Under continuing pressure, President Benes capitulated on the 25th. He granted Gottwald "permission" to set up a communist-dominated

cabinet which held a parliamentary majority by virtue of being composed of 13 Communists, four Social Democrats, two who had left the People's party, and one deserter of the Slovak Democrats. The change was thus effected by constitutional means. In the new cabinet the Ministry of the Interior (police) and the Ministry of Justice (courts) were held by Communists. Two of the members--Minister of Foreign Affairs Jan Masaryk, and Minister of War Svoboda--continued in office with no party affiliations. As an inducement to Benes to agree to Gottwald's demands, the chief of the communist-controlled General Confederation of Labor had ordered a general strike if the premier had not received what he wanted. Fifty thousand to one hundred thousand persons demonstrated in support of Gottwald in Prague, but there was also an opposition demonstration of about 1,500 students who urged Benes not to install the new government.

On the 25th, radio Moscow in its first interpretation of the Czechoslovakian crisis said that the "capitalist" press of Western Europe was attempting to make it appear that Czechoslovakia was trending toward a communist dictatorship. Instead, according to the broadcast, "reactionary plotters" were planning a dictatorship, a plot that was forestalled by the Czechoslovak Communist "action committees." The Czechoslovak people were praised for their "remarkable degree of political activity" that was "coupled with magnificent discipline and organization." It was pointed out that "the reactionaries clearly did not expect such unity and solidarity on the part of the masses. The chief lesson of recent events in Czechoslovakia is that when the people are united in the defense of their interests, reaction is powerless."

The Governments of the United States, France, and Great Britain issued a joint declaration on February 26, condemning the action of the Communist party in Czechoslovakia. They said:

"The Governments of the United States, France and Great Britain have attentively followed the course of events which have just taken place in Czechoslovakia and which place in jeopardy the very existence of the principles of liberty to which all democratic nations are attached. They note that by means of a crisis artificially and deliberately instigated the use of certain methods already tested in other places has permitted the suspension of the free exercise of parliamentary institutions and the establishment of a disguised dictatorship of a single party under the cloak of a government of national union. They can but condemn a development, the consequences of which can only be disastrous for the Czechoslovak people, who had proved once more in the midst of the sufferings of the Second World War their attachment to the cause of liberty."

When Premier Gottwald presented his new cabinet to President Benes on February 27, Gottwald said that he was "truly grateful ... for the fact" that Benes had "aided this victory of the people and democracy." At that time the President told the Premier:

"... I have given long and earnest thought to the crisis and have come to the conclusion that your proposal should be accepted. You know how long we discussed this matter and considered the ways of solving it.

But I realize that unless I accept it, the crisis would go still deeper and could even lead to such a rift in the nation that would end in general chaos. The state must be led and administered. You want to conduct affairs of state in the new way and new form of democracy. I should like to wish you, the nation and the state that this way proves a happy one for all."

Although the world had anticipated a broadcast from the President, it did not materialize. Word from Prague (26th) indicated that Benes had been denied access to the radio. The Communists moved without opposition to take over entire control of the country. Parliamentary deputies in the Parliamentary Club surmised that the pending elections--that had been so important at the start of the crisis--would be postponed until fall, inasmuch as the parliament had much communist legislation to approve.

The Ministry of Information told foreign correspondents on the 27th that they should from then on "mainly rely on official sources" for news, and warned that if "malicious distortion" of news continued, necessary steps would be taken. In answer to a question, a spokesman said that the Foreign Ministry press section would determine what constituted "malicious distortion." Twenty-seven foreign publications were banned, and foreign broadcasters were no longer allowed the use of the radio. The Premier underlined the extent of communist control when he told a labor and peasant group that the purge must be deep and uncompromising. He stated that "we must grub out the roots of reaction from the political parties, all legal organizations and the whole public administration so as to make it impossible in the future for such a conspiracy to be repeated."

On the 29th, it was said that the reorganization of Czechoslovakia into a totalitarian state would be carried out by instructions radioed to action committees all over the country. These groups were extending their control into every field of activity from major ministries and enterprises down to the "table tennis association." On the same day, Gottwald told a group of farmers and peasants that estates beginning at about 125 acres would be divided immediately so that "the land will be the property of those who till it." He warned against persons who charged that the government wanted to introduce the Soviet system of collective farms.

Foreign Minister Masaryk in an interview summarized observations on the reorganization of the cabinet in the following words: "I will continue to march with the people. There were some people who thought it was possible to govern here without the Communists or against the Communists. This was the cause of the crisis. Such changes which we have experienced usually cause civil war and require large sacrifices. This change was carried out without bloodshed and our people is and will remain democratic, and therefore I trust it. I have entered the government as a convinced democrat and I will remain in it as a democrat."

d) Finland

Soviet Offer of an Alliance

In Helsinki, on February 27, it was made known that Premier Stalin had sent a hand-written note to President Juho K. Paasikivi of Finland

urging the conclusion of a mutual defense pact between that country and the Soviet Union. As broadcasted by the Moscow radio (28th), the note read:

"As should be known to you, if the three countries bordering on the U.S.S.R. which waged war against the U.S.S.R. on the side of Germany, two—Hungary and Rumania—have signed with the U.S.S.R. treaties of mutual assistance against possible German aggression. ... I assume that Finland, not less than Rumania and Hungary, is interested in a pact of mutual assistance with the U.S.S.R. against possible aggression. In view of these considerations, and wishing to establish conditions for a radical improvement in the relations between our countries with the aim of strengthening peace and security, the Soviet Government proposes the conclusion of a Soviet-Finnish pact of friendship, cooperation and mutual assistance similar to the Hungarian-Soviet and Rumanian-Soviet pacts. If there is no objection on the part of Finland, I would propose that a Finnish delegation be sent to the U.S.S.R. for the conclusion of such a pact. If you consider it more convenient to carry on negotiations for the conclusion of a pact in Finland, the Soviet Government is prepared to send its delegation to Helsinki."

It was said that Soviet Ambassador Lieut. Gen. G.M. Savonenkov had met with President Paasikivi, and that the Finnish Communist party had conferred secretly on the proposal of Marshal Stalin. The Finnish Finance Minister denied that the Soviet request for a defense pact with his country was of high importance. He declared that "only the coincidence of time between the crisis in Czechoslovakia and the defense pact proposal in Finland caused this entire matter to be given considerably larger proportions abroad than it deserves." The Minister insisted that this projected agreement should not be identified with treaties "on military matters" that the Soviet Union had negotiated with Hungary and Rumania, adding that this proposal would be worked out with "strict adherence to Finnish constitutional practice." He concluded by denying categorically "any rumors that President Paasiviki already has given a preliminary reply to Stalin. Finland has, however, no intention of delaying negotiations with the Soviet Union, and we will take up the matter as soon as possible."

On the 29th the Finnish envoy to the Soviet Union returned to Helsinki on a special mission—purportedly having to do with the detailed terms of the proposed pact, for presentation to the President and the government. The speaker of the Finnish parliament said that government changes might come from the recent events in Finland, adding: "We do not want to see in the Russian proposal an overture of events of the kind now occurring in some other countries who have closed agreements with the Soviet Union," but "a change in the government is conceivable, however, as a consequence of what has happened."

e) Hungary

Political Trials in Budapest

The trial of 14 persons, including former Right-Wing Socialist Premier Karol Peyer, opened in Budapest on February 3 before a special coun-

cil of the People's Court. All were charged with plotting to overthrow the government. The ex-premier was being tried in absentia, as he had escaped to Great Britain after his parliamentary immunity had been suspended in November 1947. On the 8th, it was stated that five former deputies of the Independence (opposition) party as well as several Army officers had been sentenced to prison for "spreading false rumors." Others were condemned in absentia.

U.S. Protests on Soviet Abductions

The U. S. Department of State announced on February 11 that notes had been sent on the 7th to the Hungarian and Soviet Union Governments, protesting the arrest on January 14 (and detention until January 15) of two American Army officers on the staff of the United States legation in Budapest. This action was undertaken on Hungarian soil by Soviet military authorities. The Soviet Minister in Budapest charged that the two officers had refused to submit proper identification papers and had violated generally known rules as to entering a Soviet military area without previous permission. The note to the Soviet Foreign Ministry charged that the arrest was an "unwarranted and unjustified" exercise of police power by Soviet troops and a violation of Hungarian sovereignty, inasmuch as occupation of that country had ended with the coming into force of the peace treaty. In the note to the Hungarian Government, the United States asked for an explanation of the arrest of the officers by Soviet troops, holding the view that Hungarian sovereignty was involved in the case. The Soviet Minister at Budapest, however, denied the American charges and proposed that United States officers hereafter be punished "lest such incidents occur in the future."

Soviet-Hungarian Mutual Defense Pact

On February 18 the Soviet Union and Hungary signed a 20-year mutual defense pact in Moscow, similar to the Soviet-Rumanian treaty of the 4th. The Moscow radio summarized the six articles contained in the document as follows: (1) a pledge by the signatories to eliminate any threat of aggression by Germany "or any other state which would unite with Germany directly or in any other form"; (2) mutual military assistance in the event of a clash under the terms of the treaty; (3) agreement that neither country would join in an alliance or coalition against the other; (4) consultation between the two countries concerning important international problems affecting their mutual interests; (5) the maintenance of co-operation and friendship, with no intervention in each other's domestic affairs; (6) the treaty to remain in force for 20 years. In an address following the signing of the pact, Soviet Minister Molotov said that this marked the conclusion of agreements of "friendship and mutual assistance with all states on its western frontier from the Black Sea to the Baltic." Molotov added: "We, the Soviet people, see in this an important success in the realization of Stalin's foreign policy directed toward strengthening friendship with all neighboring states and consolidating general peace." The Hungarian Premier, Lajos Dinnyes, in turn, declared that the treaty had been completed in spite of the objections of "imperialist circles which aspire to world domination and whose vital principles are war and the subjugation of other peoples." Dinnyes asserted that "until recently, foreign imperialist circles" had

tried to turn Hungary "into a stronghold against the Soviet Union, but that it was now a "democratic" state that wanted to go "hand in hand" with "her great neighbor, the Soviet Union."

Merger of Communist and Socialist Parties

The deputy secretary general of the Social Democratic party announced on February 18 that about 50 Right-Wing Social Democrats had been purged from government and party offices. He said that Hungary had the choice between the Soviet Union and "American imperialism," and added: "This party is necessary so long as it is fulfilling its historical task. But soon the hour of the united party of the working class will strike. The question is only whether we want to make the way to it easy or difficult for the workers." On the 23rd the Workers party congress meeting in Budapest completed plans for the merger of the Communist and Social Democratic parties by electing Communists to 31 of the 41 posts on the new central committee.

f) Poland

Provision in Soviet-Polish Trade Treaty on Steel Production

In Warsaw, on February 2, a provision in the Soviet-Polish Trade Treaty relating to increased Polish steel production was disclosed. It was said that about one third of the \$450 million Soviet loan would be used to erect a large iron and steel plant which could produce 1.5 billion tons of iron and 1 million tons of steel per annum--doubling Poland's present steel output and greatly increasing its iron production. It was further stated that the building of the structure would start in the spring, with the Soviet Union furnishing all essential materials and supplying technicians if needed. The location of the plant, to be completed by 1956, was given as Gliwice, Upper Silesia. The announcement was also made that the Soviet Union had agreed to supply Poland with a complete motorcar assembly plant for the purpose of assembling Soviet-manufactured automobiles in large quantities.

Formal Ending of Mikolajczyk Party

In a further move toward single-party rule, the Polish Peasant party on February 7 joined the government coalition central co-ordination commission of democratic parties. This action formally ended the role of the former Mikolajczyk party as the only remaining legal opposition in the country. A declaration of the Polish Peasant party said that "the peasants do not want and cannot be in opposition because this would be contrary to the interests of the countryside and of the people's Poland." The co-ordination commission acted as a parliamentary group to unify the efforts of the various parties, with subcommissions throughout the country functioning to break down political barriers.

Polish-Rumanian Pact Negotiations

Premier Groza and Foreign Minister Pauker of Rumania arrived in Warsaw on February 26 to sign a cultural convention with Poland, and to

open talks for a military alliance. In a radio broadcast, the Premier said that "the history of the Rumanian and Polish people necessitates ever tightening cooperation within the Soviet front."

Two days later, a Polish Government communiqué announced that agreement had been reached with Rumania on the basis for a pact of friendship, collaboration and mutual assistance. It added that the leaders of both states had exactly the same views on current political problems. The Rumanian delegation left that evening after having signed a cultural agreement.

g) Rumania

Soviet-Rumanian Mutual Aid Treaty Signed

The Governments of the Soviet Union and Rumania signed a 20-year pact of friendship and assistance in Moscow on February 4. The treaty made provision for mutual aid in the event that either state became involved with "Germany or any other state which should directly or in any other form unite with Germany in a policy of aggression." An Izvestia editorial called it "a new proof of the triumph of the principles of international cooperation," and explained: "It is different in principle from all the reactionary projects of creating blocs and unions which do not pursue the aim of uniting peoples for a struggle against a possible aggression, but aim at their splitting up and division." While the pact contained only clauses dealing specifically with friendship and mutual assistance, it was considered to open the way for even wider collaboration in the economic field. A Rumanian delegation, headed by the Foreign Minister, had arrived in Moscow on the 2nd for trade talks expected to lead to a long-term trade treaty such as the Soviet Union had already signed with the Polish and Czechoslovak Governments.

In his speech at the ceremony of signing, Soviet Foreign Minister Molotov gave an indication of the extent of the co-operation that could be expected between the countries. He pointed out that the collaboration of the two neighboring states acquired "special significance now when mongers of new wars from the imperialist camp are making efforts to establish military and political blocs directed against the democratic states." Molotov added that the new treaty would be "a sturdy new barrier in the path of all plans for new aggression and predatory imperialism."

Unification of Political Parties

A three-day congress of the Communist and Social Democratic parties open in Bucharest on February 21 for the purpose of ratifying the unification of these groups into one organization to be called the Rumanian Workers party. The program of this party was the same as that of the Communists, thus assuring that fusion would mean the end of the Social Democrats. On the 22nd the general secretary of the Communist party read a "general political report," in which was announced the near formation of the "popular democratic front, formed by the Workers party, the Plowmens Front led by Petru Groza, the National Popular party and the Hungarian Popular Union."

h) Yugoslavia

U.S.-Yugoslav Dispute on Gold Reserves

The Economic and Social Council on February 16 began consideration, at the request of Yugoslavia, of a charge that the United States had caused damage to Yugoslavia by withholding its gold reserves. On the 4th, the Soviet delegate called the Yugoslav case "beyond dispute." The first speaker on the 16th presented the Yugoslav argument. He said his government had submitted the case because it believed it to be the duty of the council to promote conditions of stability and well-being necessary for peaceful and friendly relations among nations. The Yugoslav delegate pointed out that due to war devastation, economic reconstruction in his country had become a staggering task that necessitated heavy imports. Therefore, he said, the withholding of Yugoslav gold was causing serious damage, and charged that behind this action lay the policy of "unabashed exercise of pressure to attain political ends." He presented a draft resolution which provided that ECOSOC should recommend to the U. S. Government that "without further delay it cease causing damage to Yugoslavia by its further retention of the property of the National Bank of Yugoslavia now in the safekeeping of the United States Government."

U. S. delegate Willard Thorp, in answer, said that in the view of his government the question submitted by Yugoslavia was not a proper one for the council's agenda, and that it was only one of several matters subject to negotiation between the two states. Thorp explained that the blocking of Yugoslav gold in the United States "was not a unique step but paralleled that taken with respect to assets of many other countries." He asserted, too, that in other instances blocked assets had been held until all outstanding financial questions had been settled.

6. Iran

Soviet Charges Against United States

Charges of American activities in Iran inimical to Soviet interests were made public on February 2 by Pravda, in an announcement of a note handed to the Iranian Government on January 31 by Soviet Ambassador Ivan Sadchikov. Pravda declared that the Soviet note contained the following complaints:

"Under the supervision of American military advisers ... the Iranian Army is being rearmed with American weapons American advisers are working with a special commission of the Iranian General Staff revising Iran's army field regulations in accordance with American models.

"During recent months there has been a mass influx of various American advisers and other American representatives into Iran ... establishing themselves not only in the Army but in other organizations and institutions. Under the leadership of American officers, fortification is being built in Iran along the Soviet frontier. Moreover the greatest attention is being devoted to the building of aerodromes in

districts bordering on the U.S.S.R. Recently there have been more frequent journeys and flights by American advisers through districts bordering on the U.S.S.R., ostensibly for the purpose of inspecting the Iranian Army and gendarmerie units, while in actual fact those ... air trips by American advisers are utilized for the purpose of taking photographs and making a military study of the Soviet-Iranian border"

According to Pravda, the note contained "factual proof that the activities of the American military mission in Iran can create a danger to the frontiers of the U.S.S.R," and concluded with the statement "that all the facts mentioned are incompatible with the state of good-neighborly relations proclaimed in the Soviet-Iranian Treaty of February 26, 1921, and that the Soviet Government expects the Iranian Government without delay to take the necessary measures to eliminate the existing abnormal situation."

The U.S. Department of State categorically denied the charges on the same day (2nd), adding that there were two American Military Missions in Iran—one established under an agreement of 1943 to advise in the reorganization of the gendarmerie, and the second set up in October 1947 to advise the Ministry of War on "plans, problems of organization, administration principles and training methods." The second agreement provided that members of the mission would "assume neither command nor staff responsibilities in the Iranian army" and would take no part in any "technical and strategic plans or operations against a foreign enemy." It was pointed out that this latter agreement had been filed with the United Nations and that there was nothing secret in it.

Another denial of the charges was voiced on February 4 by the U.S. Ambassador to Iran, George V. Allen, who called the allegations in the Soviet note "mis-statements of fact from start to finish" and declared that American advisers would not remain any longer than the Iranian Government felt they were useful. The communication, he said, seemed an obvious attempt to exert influence on a matter before the Iranian parliament (the consideration of a bill to use \$10 million of a \$25 million credit set up by the United States for Iran to purchase surplus U.S. war materials). Allen stated its delivery at that time constituted improper interference in the internal affairs of Iran. The United States was interested only that Iran should spend its available funds for its best advantage and "should remain entirely free to make its own choice in this matter unhampered by threats and menaces."

The Iranian reply to the Soviet note, made public on the 5th, not only denied the accusations one by one but entered countercharges that the Soviet Union had protected traitors in Azerbaijan, had given refuge to Barzani Kurds, and was permitting the Barzanis to reorganize in the expectation of another incursion into Iranian territory. In conclusion, the Iranian note emphasized that the presence of American advisers in the country was not contrary to the 1921 treaty but was an internal affair, and therefore Soviet examination of the matter constituted interference in the affairs of an independent nation.

The bill to accept \$10 million of the credit offered by the United States was adopted by the parliament on February 17 after lengthy debate. Pro-Soviet Deputy Abbas Eskandari, attempting to obstruct the measure by filibustering, warned that parliament was acting against Iran's best interests by antagonizing the Soviet Union. In answer Deputy Dr. Mostafe Mesbahzadeh asserted that the Soviet Union had been approached a number of times for military equipment but that its prices were too high. The final vote was 79 to 6, with 10 abstentions.

7. Iraq

Rejection of Anglo-Iraqi Treaty

The twenty-year treaty between Great Britain and Iraq, signed in London on January 15, was officially rejected by the Iraqi Cabinet on February 4. The political tension in the country continued, however, and on the 19th the Cabinet decided to dissolve Parliament and order a general election. A royal decree issued by the Regent confirmed this decision, in the following words: "The present Cabinet came to power in consequence of recent events, and in delicate circumstances requiring measures to realize the people's wishes, consolidate stability and order, and ensure the country's moral and material progress. With a view to ascertaining the nation's opinion of the policy to assure these aims, we have issued this decree dissolving Parliament."

Meanwhile, the former Prime Minister, Saleh Jabr, declared in London that the demonstrations against the treaty had been made by students and an illiterate mob, inspired by Communist agitators, and that the people had been misled. He was convinced that, if nothing had been published until he returned from London and explained the pact clearly to Parliament and the country, the vast majority of the Iraqi people would have supported it whole-heartedly. He declared that he intended to return to Iraq and resume his political activities in time for the reopening of Parliament.

8. China

Kowloon Incident

Continuing the controversy with Great Britain over the Kowloon Leased Territory, the Chinese Government made public on February 6 the text of its reply to the British note of January 24. The note read in part:

"Unable to resist successive rival demands from the powers who were each seeking a sphere of influence on the Asiatic mainland, the Chinese Government secured a minimum reservation in each of the leases where a local government was functioning in the form of a special area over which China should continue to exercise jurisdiction.

"In other words, China yielded to the force of circumstances by agreeing only to meet the military requirements of the powers concerned without renouncing her jurisdiction in the respective reserved areas. That the failure of Great Britain to observe even this reservation in respect of Kowloon, which stands now as the last vestige of

an outmoded system, would have the most unfortunate repercussions in China may well be imagined."

Proposed American Aid Program

Ambassador Lewis Douglas outlined to the Senate Foreign Relations Committee on February 6 revised estimates of the total amount required for foreign aid during the fiscal year 1949. It was stated that the probable amount requested for China would be about \$570 million. The following day, the secretary-general of the Chinese Legislative Yuan said that China was negotiating with the United States for a loan of between \$300 million and \$500 million for use in supporting the Chinese currency. This sum, he said, would be supplementary to the possible loan under the recovery program.

On the 18th, President Truman sent a message to Congress asking for an appropriation of \$570 million for aid to China until June 30, 1949. The draft bill, submitted to Congress at the same time, stated that this sum was designed "to relieve human suffering, to assist in retarding economic deterioration and to afford the people of China an opportunity to initiate measures of self-help necessary to rebuild the bases for more stable economic conditions." Of the total amount, \$510 million was to provide food, raw materials, and capital equipment replacements. The balance of \$60 million was to be spent on reconstruction projects "to restore transportation facilities, fuel and power sources ... and other projects which the President may approve." It was proposed that the U. S. National Advisory Council should recommend to the President the degree to which the aid extended should be in the form of a gift or a loan. As a condition of assistance, the Chinese were to be asked to agree: (1) to make efficient use of the commodities provided; (2) to take steps to make their economy self-supporting; and (3) to deposit in a special account Chinese currency to the value of the goods and services received as a gift from the United States, and to use this account for purposes agreed to by the Chinese and United States Governments. The draft bill provided for an advance of \$150 million from the Reconstruction Finance Corporation pending an appropriation for the program. It was further proposed that when an agency to administer the European Recovery Program was established, it should also take over the China aid program. Meanwhile, assistance to China was to be operated under the existing machinery for administration of foreign relief programs. The President's message said in part:

"The continued deterioration of the Chinese economy is a source of deep concern to the United States. ... We have hoped for conditions in China that would make possible the effective and constructive use of American assistance in reconstruction and rehabilitation. Conditions have not developed as we had hoped and we can only do what is feasible under circumstances as they exist. ...

"The proposed program of aid to China represents what I believe to be the best course this Government can follow in the light of all the circumstances. Nothing which this country provides by way of assistance can, even in a small measure, be a substitute for the necessary action that can be taken only by the Chinese Government. Yet this program can accomplish the important purpose of giving the

Chinese Government a respite from rapid economic deterioration during which it can move to establish more stable economic conditions. Without this respite the ability of the Chinese Government to establish such conditions at all would be doubtful. The achievement of even this limited objective is of such importance as to justify the proposed program of aid. . . ."

Hearings on the China aid program opened in the House Foreign Affairs Committee on February 20, when Secretary of State Marshall restated the position as President Truman had already outlined it. He declared that "the political, economic, and financial conditions in China [were] so unstable that it [was] impossible to develop a practical, effective, long-term over-all program for economic recovery," but he stressed that something had to be done to help provide a breathing space in which China could move to establish more stable economic conditions. After outlining the situation as it exists today, the Secretary of State said it was impossible to set a termination date for assistance and that "provision of a currency stabilization fund would . . . require large sums which would be largely dissipated under the present conditions of war financing and civil disruption." He warned that "the program should not involve the virtual underwriting of the future of the Chinese economy. The United States should not by its actions be put in the position of being charged with a direct responsibility for the conduct of the Chinese Government and its political, economic, and military affairs." The Secretary of State declared that the program would "meet the most essential commodity requirements," and that, to meet additional needs, China would have available certain financial resources of its own.

Elaborating on his testimony, in response to questions by committeemen, the Secretary of State expressed the view that, if the Communists gained control in China, the situation in Asia would become an extremely serious problem for the United States. However, he did not agree that the Manchurian position was as critical for the Chinese Government as it had been made to appear. Replying to a criticism that it was already either too early or too late to do anything in China, he said that, while certain essential things had to be done before assistance could be effective, the situation was deteriorating so rapidly that it was "necessary to take into consideration possibilities of our not being able to accomplish something without wasting funds." In response to a suggestion that military aid should be extended and that an advisory military mission should be sent to China, he pointed out that advice had been "continuous and emphatic--and ignored." He said further that there were many things which the Chinese Government could do "on the political side to satisfy the people, and on the military side in response to advices of not only our own top military strategists but also of their own top officers." Among the reforms he recommended were expansion of the foundation of the Chinese Government and, in particular, action on the land situation. He declared military matériel to be of much less importance to the military machine than the quality of leadership and the morale of the people.

Extension of Sino-Soviet Nonaggression Pact

Radio Moscow on February 20 announced that the Soviet Government considered the Sino-Soviet nonaggression pact, signed in 1937, automatically

extended until 1950. The broadcast said that the treaty had been extended in 1942, 1944, and 1946. It was explained that "as neither the Soviet Union nor China has given notification of denouncement of the treaty before the expiration of the six-month term, as provided for by the treaty, its operation [is] regarded as automatically prolonged for the next term of two years."

Official Denials of Soviet Mediation Offers in Civil War

Official sources in Nanking on February 25 confirmed the appointment of Maj. Gen. Nikolai V. Roschin as Soviet Ambassador to China, filling a post vacant since 1947. This action gave rise to speculation that the Soviet Union planned a more active policy in China and would consider the possibilities of mediating the civil war. The Soviet Embassy and the Chinese Information Office in Nanking, however, immediately denied such rumors. The Chinese termed them "absolutely unfounded and apparently designed to disturb the public mind in the midst of the bandit suppression campaign." A Soviet source maintained that the Soviet Union was neutral and that these reports were spread by the Chinese in order to encourage the United States to give more aid to the Chiang Kai-shek regime. The chairman of the Young China party (a government organ), in contrast, expressed an opposite view. He said: "The rumors of a possible resumption of the peace talks were spread with a sinister intention to lower the morale of the government forces and bar congressional passage of the military aid to China proposed by the United States Republican party."

Progress of Civil War

On February 3, United States citizens were evacuated by plane from the Manchurian capital of Changchun, as Communist troops surged toward the outer defenses of Mukden. By the 12th, four Communist columns were said to be moving northeastward across the devastated Lung-Hai railway to former bases in western Shantung, simultaneously with another movement of Communist forces from the Yangtze River line to the upper rim of the Tapieh Mountains in southern Honan. It was estimated that the two shifts involved about 100 thousand troops. Chinese Government forces, it was said in Peiping, had driven the Communists from positions 27 miles south of Mukden, and (on the 12th) had broken a Communist siege of Suchiatun, seven miles south of Mukden. The fighting then shifted to Anshan, a Manchurian steel city south of Mukden, where, on the 14th, attacks were made by two Communist columns. The situation of the city was termed "critical." The campaign was successful and on February 21 the Nanking Government conceded that Anshan was in enemy hands. By this action, the Communists cleared out all defense positions of importance over a large area to within 15 miles south of Mukden. The only remaining Nationalist stronghold was Fushun, 30 miles to the east. The Chinese air force cancelled all flights into Mukden on the 23rd as the desperate plight of that city became apparent. On the 26th, the Communists had so nearly surrounded Mukden that it made preparations for street fighting. However, two days later Chinese Government forces were reported to have launched a counter-attack against the Communist columns operating against Mukden. They appeared to have won at least temporary success.

9. India - Pakistan

Communal Rioting

Communal rioting broke out in India at the beginning of February, following growing resentment over the assassination of Gandhi. Much less violent than the Moslem-Hindu riots of 1946, it was directed largely against the Mahasabha, the extremist Hindu group to which the Mahatma's killer had belonged. On the 2nd, Indian Home Minister Sardar Patel, "iron-man" of the Congress party, revealed that a plot had been uncovered to murder Prime Minister Nehru, the Minister of Education, and Patel. On the same day, the Indian Government issued a far-reaching order banning all communal organizations and private armies. The resolution condemning such activities pointed out that "the manner of Mahatma Gandhi's death [was] a grim and urgent reminder of the forces of hate and violence that [were] at work." At a mass meeting in New Delhi, the Premier charged that Gandhi's death was the result of a conspiracy by those seeking to establish "communal rule" and, in a pledge made to the Constituent Assembly, said that his government would give India peace or retire in disgrace. On the 5th police in Bombay rounded up approximately 150 persons in an investigation of anti-Gandhi activities. By the next day the provincial governments had taken similar action, and over 1,000 persons had been arrested throughout the country.

The Indian Government--in continuance of its investigation of the assassination of the Mahatma--took over the administration of the princely State of Alwar on the 7th and called its maharajah and prime minister to a hearing. This action was deemed essential to the pursuit without obstruction of an investigation into the administration's alleged "possible complicity in the assassination of Mahatma Gandhi and other serious crimes." The maharajah said that it was "extremely painful for me even to think that such an allegation should be made against my state." On the 8th, the Indian Government, pursuing its policy of "rooting out the forces of hate and violence," outlawed the Moslem League National Guards and the Khaksars (Children of the Dust)--an extreme, militant Moslem organization that had been inactive since the partition. The government said that these groups "must share blame" with Hindu organizations for creating a poisonous atmosphere in the country. The government on February 10 assumed control of another princely State, Bharatpur--largely of Hindu population--while a check was being made of violent groups within that area.

In an address on the 14th, Prime Minister Nehru denied that differences had occurred between himself and Deputy Prime Minister Sardar Patel, and Jai Prakash Narain, the Socialist leader. Nehru called upon Indian citizens to make real the unity for which Gandhi had died, saying: "I plead, therefore, for tolerance and co-operation in our public life and joining together of all the forces which went to make India a great and progressive nation. I plead for an all-out effort against the poison of communalism and narrow provincialism. I plead for the cessation of industrial conflict."

The working committee of the Mahasabha adopted a resolution on February 15 "suspending political activities throughout India and concentrating on the social, religious, and cultural problems of Hindu society and the relief and rehabilitation of refugees." It condemned the shooting of

Gandhi, and stated: "It is a matter of shame and humiliation that the alleged assassin is a member of the Hindu Mahasabha." The All-India Congress party committee, meeting in New Delhi on the 21st, also accepted a resolution calling for the abolition of communalism. The group criticized the government for not having taken even stronger action against communal organizations after the death of Gandhi, and demanded that it immediately suppress all such bodies. In reply, Patel said that suppression would only drive such organizations underground, and that it was more desirable to encourage them to come into line with the anti-communal policy of the Congress party. Patel asserted that "after all, no useful purpose will be served by banning these organizations merely on paper. ... We have got to change the outlook of the Congress party in such a way that extremist communal organizations--which have taken the wrong course so far--must be won over."

Security Council Action

On February 3, four days after Gandhi's death, the Security Council resumed consideration of the Indian-Pakistani dispute. The Indian representative repeated charges that Pakistan was helping Moslem tribesmen to invade Kashmir, while the Pakistan delegate, in turn, accused India of genocide.

The United States representative (Warren Austin) spoke in support of two Belgian resolutions, one for the immediate cessation of hostilities in Kashmir, and the other providing for United Nations supervision of a plebiscite there. Austin urged the establishment of an interim government in order to secure stable conditions permitting free expression of the will of the people in the plebiscite. His expression of views was held to be a setback for India, inasmuch as its spokesmen had said they could not agree to a "neutral" administration in Kashmir. In the view of the United States, however, the setting up of an interim government, intended only for a brief period, would not be a violation of the sovereignty of Kashmir as the maharajah had already given the conduct of its foreign affairs--"external sovereignty"--to the Dominion of India.

The Council heard representatives of China, France, Great Britain, Colombia, Belgium, and Syria on the 5th. In general, the view was expressed that the two Belgian resolutions needed amplification. The Belgian representative said that possibly the two resolutions could be improved as a result of Security Council discussion. Sheik Mohammed Abdullah, head of the emergency administration in Kashmir and member of the Indian delegation, supported the Indian argument that the only issue involved in the dispute was the Indian complaint that Pakistan was aiding raiders in Kashmir. As head of the government, the Sheik refused to accept the right of Pakistan to interfere in affairs in Kashmir, and maintained that all he wanted was to have Pakistan leave. He expressed the belief that it would be impossible to hold an impartial plebiscite, saying: "Frankly speaking, even if the United Nations got God to administer the state, he would not, I believe, be able to act impartially."

The Security Council (on February 6) decided to again allow the two disputants to attempt to come to an agreement privately. Talks were held in the offices of the president of the council and were continued

through the 9th. On the next day (10th), the president reported to the council on the results of his consultations, and submitted documents relating to the proposals made to both parties as well as an exchange of letters on an Indian request for adjournment. The Indian representative then explained that his government "was not by any means now withdrawing the question from the consideration of the Council," but that a stage had been reached at which he and the Indian Government thought it necessary to consult in detail on the "trends of opinion" revealed in council discussions. He pointed out that he had failed to convince the council that it should issue orders to put an end to the fighting in Kashmir and Jammu, and that two suggestions unacceptable to the Indian Dominion had been made. One concerned the withdrawal of Indian troops, and the other the establishment of a "neutral" interim administration. The Indian spokesman drew a parallel between the difficulties the United States would encounter if it attempted to withdraw its troops immediately from Korea, pointing out that the country would be plunged into chaos as a consequence of such action. He declared that for the same reason India could not take its troops out of Kashmir "even after the fighting there stops." Consideration of the Indian request for adjournment continued the following day and the meeting closed without any decision having been reached. On the 12th, the council approved a statement by the president on the Indian request for adjournment. After six weeks of debate on the dispute over the princely State of Kashmir, it gave permission to the Indian delegation to return to New Delhi for government consultations. The president of the council advised against setting a time limit for these conversations, but suggested that the Indian representatives take this message home: "Tell them we are gravely anxious over this question. Ask for their views and suggestions and, having armed yourself with this information, return to the Security Council as soon as you are able." He added: "Meanwhile, we shall say to you that unless a grave emergency arises, the Security Council will direct its attention for the time being to aspects of the India-Pakistan question other than those relating to the situation in the state of Jammu and Kashmir."

In New Delhi on the 11th, Prime Minister Nehru, in reply to a question, stated that India had not withdrawn its application on the Jammu and Kashmir State issue from the Security Council, nor had any question as yet arisen as to such withdrawal. He explained that no final decisions had been made by the council but that it had been proposed to set up an investigatory commission. Nehru added that as soon as the present stage of negotiations was completed, he would make a statement before the legislature.

On the 18th the Security Council opened debate on the State of Junagadh. The Pakistani delegate had asked the council to order India to withdraw its troops from that area, restore the regime of the Moslem ruler, and abandon the plebiscite that it had started to determine the final accession of Junagadh. The Indian Government, however, announced on the 24th that the plebiscite had been held, and that it had resulted in a vote of 190,779 for India as against 91 for Pakistan. Pakistan on the 26th notified the council that it did not recognize the results of the plebiscite. Its Foreign Minister said the voting was "no more than a farce" as Indian troops had been occupying Junagadh at the time. The next meeting of the Security Council on the India-Pakistan dispute was scheduled for March 5.

Draft Constitution Published

On February 26, a draft constitution for India--shaping the dominion into a "sovereign democratic republic"--was published in New Delhi. It was stated that the "question of the relationship between this democratic republic and the British Commonwealth of Nations remains to be decided subsequently." The document, to be placed before the Indian parliament in April, provided for a president elected for a five-year term by the Union Parliament and the state legislatures, eligible for re-election only once. Provision was made that the principal cabinet officer would be a prime minister, appointed by the president; the central law-making body would be a bicameral legislature, consisting of an upper house named the Council of States, and a lower one, the House of the People; and a supreme court modeled on the United States system would head the judiciary system. Included in the Indian Union were to be three classes of states--the present governor's provinces, chief commissioner's provinces, and Princely States. Special clauses forbade the practice of "untouchability" and discrimination on the grounds of religion, race, caste, or sex. Other objectives as stated in the constitution were fair labor standards, fair distribution of wealth, and the guarantee of human rights usually accepted in democratic countries.

B. TREATMENT OF NON-SELF-GOVERNING PEOPLES

1. Ceylon

Independence Act

Ceylon became a self-governing dominion in the British Commonwealth of Nations on February 4 with the coming into force of the Independence Act. Sir Henry Moore took the oath of office as Governor-General of the new dominion in the company of his cabinet and the parliamentary under-secretary of the British Commonwealth Relations Office. In a broadcast to the people, Prime Minister D. S. Sananayake said that "whatever disagreements we may have had with the British in the past, we are grateful for their good will and cooperation which have culminated in our freedom"

On the 10th the new parliament was opened by the Duke of Gloucester, with accredited representatives from 25 countries, including the Soviet Union, in attendance. The Duke read a message from the King in which he said: "My thoughts are with you on this memorable occasion, for it is with heartfelt gladness that we welcome a new member, fully grown to nationhood, of the British Commonwealth of Nations."

2. Malaya

Inauguration of New Constitution

The new Malayan constitution was inaugurated on February 1 in Kuala Lumpur when the first High Commissioner of the new Federation of Malaya took the oath of office. Malayan rulers sent personal representatives to attend the ceremony, and in each state celebrations were held inaugurating the new state councils and ratifying the changed relationship with the British Government. A message from Great Britain pointed out that:

"For the first time federation brings together in true partnership and unity the nine Malay States and the two settlements of Penang and Malacca. It seeks to extend full citizenship in the federation to all those, whatever their race, who regard Malaya as their permanent home and object of their loyalty. It has established institutions which will enable them all together to progress towards complete self-government."

The new Federal Legislative Council was formally inaugurated on February 24 by the British High Commissioner. The legislature was composed of 75 members--51 nominated by the High Commissioner to represent racial groups and economic interests, 15 British officials, and nine Malay ministers of the Malay States.

3. Indonesia

Queen's Speech on the Formation of a Federal State

Queen Wilhelmina of the Netherlands in a broadcast to the United States and Great Britain on February 3 spoke of the "free federated Indonesia ... about to take her place among the democratic nations of the world." The Queen recalled that seven years earlier when the Netherlands was under Nazi oppression, she had told her countrymen of "the intention to establish a new relationship between the Netherlands and the other parts of our world." She pointed out that this partnership was now "a living reality" taking final form: "The United States of Indonesia forming a Union with the Kingdom of the Netherlands, Surinam, and the Antilles." Queen Wilhelmina said that it might be "that the solution being reached in Indonesia will set a pattern for solutions in wider parts of Asia."

Action by the Security Council

The Committee of Good Offices held its final meeting on board the USS Renville on February 9, with delegations from the Netherlands and the Republic of Indonesia present. The report of the ad hoc committee on procedure was accepted. It contained the following provisions: (1) Meetings on the Renville would no longer be needed; (2) meetings would be held instead alternately at Batavia and Jogjakarta, for approximately three-week periods; (3) four main committees were set up to deal respectively with political, military, economic and financial, social, and administrative matters; (4) each committee would have a representative from each delegation in addition to advisers, and the chairman would be the head of the Committee of Good Offices or his representative; and (5) a steering committee was set up with its functions delineated as the drawing up of the agenda for the conference and the main committees.

The three senior representatives on the Good Offices Committee had arrived in New York City on February 1, and on the 10th sent the first report to the Security Council on the work of the committee leading up to the truce agreement and the acceptance of political principles on which a solution would be based. The Security Council opened discussion on the report of the committee on the 17th. There appeared to be general agree-

ment among the delegates that while the truce agreement was an accomplishment, the real problem lay ahead—that of final political agreement between the Republic of Indonesia and the Netherlands. Soviet Delegate Gromyko, however, told the Council on the 18th that the truce was a betrayal of the Indonesians by the interests of colonial powers, and that they realized that Indonesian independence would have meant a "new blow for the colonial system as a whole" and would have reduced the power of the "shaky" colonial setup. Gromyko maintained that the only solution for the situation was the earlier Soviet proposal—withdrawal of all troops to their original position.

U.S. Representative Warren Austin replied to the Soviet charges in the Council on February 20. He said that "no one here or in Indonesia or in the Netherlands need be frightened by those spirits and threadbare charges of bad faith on the part of member nations in this Security Council who are doing their utmost to advance the cause of peace in Indonesia through negotiation leading to settlement by the parties." Mr. Austin pointed out that "two things stand out in the Indonesian situation." The first he named as the signing of the truce "for the cessation of hostilities," which "is being kept with the saving of human lives and property." The second, he asserted, was that "fundamental principles of freedom, democracy, independence and cooperation have been agreed upon for the early formation of the independent United States of Indonesia in the union with the Netherlands, both to be free and equal nations in the United Nations." At the conclusion of Austin's speech, the Ukrainian delegate reiterated the charges made earlier by Gromyko, saying that the truce had been signed under the pressure of the Dutch, and suggesting that the problem be reconsidered and a verdict handed down against the "Netherlands invaders."

On the following day (21st) the chief of the Indonesian delegation warned the Council that the Dutch were interpreting the Renville political principles to suit themselves, and would, he feared, cause a stalemate in the forthcoming negotiations. He pointed out that despite Republican protests the Netherlands Government was continuing plans to set up a new state in West Java "from the territories of the Republic." He said that two Dutch-sponsored conferences had already been held there and that a third was scheduled for the 23rd. He recalled that the Renville agreement called for plebiscites in these areas, adding "the Netherlands delegate has asked that bygones should be bygones, but the attempts to create states in Madura, East Java, and West Java, which are unilateral Dutch interpretations of the Renville principles, raise fear in our minds." In response, the Dutch representative told the Security Council that his government would neither "foment" popular movements in the East Indies, nor would it "stifle" them.

Word from the Committee of Good Offices in Batavia on the 24th indicated that the evacuation of Republican troops from Netherlands controlled territory had been successfully completed. The Committee was prepared for the next phase of negotiations between the disputants—political settlement. In the Security Council on the 26th, however, the Soviet Deputy Foreign Minister renewed his criticism of the handling of the case, and accused the United States of attempting to "strangle" the Indonesians. Gromyko said of the agreement and the report of the Committee of Good

Offices: "They are among the most shameful documents which have ever been published under the aegis of the United Nations and should be placed in a museum as proof of how shameful a document can be produced when some of the members of the United Nations betray the interests of the Indonesian people for the benefit of the colonial powers."

The Council passed two resolutions dealing with the case on February 28. The first, introduced by China, asked the Committee of Good Offices to keep informed on political developments in West Java and Madura--the center of Netherlands activity in the view of Indonesia--and to report often to the Security Council. The vote showed 8 in favor, 0 opposed, and three abstentions (Soviet Union, Ukraine, and Argentina). The second resolution was introduced by Canada. It commended the Committee of Good Offices, noting "with satisfaction the signing of the truce agreement by both parties and the acceptance ... of certain principles as an agreed basis for the conclusion of a political settlement," and continued the Committee as originally set up. This resolution, in direct opposition to the objections of the Soviet Union as presented in debate by Gromyko, was passed by a vote of 7 to 0 with the Soviet Union, the Ukraine, Colombia, and Syria abstaining.

4. Palestine

Communist Smuggling

The British Foreign Office on February 4 gave official confirmation to reports published earlier that a considerable number of Communist party members had been found among some 15,000 Jewish immigrants attempting to enter Palestine without visas aboard the ships "Pan York" and "Pan Crescent," which sailed from Burgas, Bulgaria on December 27. Jewish spokesmen denied the charge, while the Arab Higher Committee supported the accusation. On the 6th the British Government made public a note to the Bulgarian Government, dated January 31, protesting that Bulgaria had been "deliberately conniving" in unauthorized immigration to Palestine or that a "serious error has been committed by the Bulgarian officials concerned." The note said: "It is difficult ... to suppose that the Bulgarian Government was ignorant of the real nature and purpose of these Jews, who were aiming to break the laws of Palestine. It is equally difficult to suppose that the Bulgarian Government was ignorant of the United Nations appeal for avoidance of any action likely to exacerbate the critical situation in Palestine... ."

Arab League Meeting

The Arab League Council, meeting in Cairo from February 8 to 22, considered matters of military, political, and economic importance in connection with the partition of Palestine. Gen. Ismail Safwat, former commander of the Iraqi Army who was made leader of the Arab People's Army, requested more arms and manpower and urged that a decision be taken to oppose by force any United Nations troops sent to implement partition. It was finally decided that if such international troops were approved by the Security Council, a master military conference of the Arab States would be held in Syria and an "Arab Liberation Army" created with units from the regular armies of all the Arab countries.

For the supervision of governmental affairs in Palestine the league adopted a proposal to establish an independent committee--the composition to be approved by the Palestinian Arabs--since it was understood that the delegate from Trans-Jordan objected to giving too much control to the exiled Mufti of Jerusalem, Haj Amin el-Husseini.

Another question considered was that of treaties between Arab League members and other nations. The league recommended that prerequisites to the signing of such pacts be the removal of all foreign troops, the liquidation of old treaties, and the achievement of "real" independence for Arab nations. The league's political committee urged in addition that league approval be obtained before any member signed a treaty with a foreign power. This item was placed on the agenda for the next council meeting beginning on March 20. Syrian Premier Jamil Mardam Bey suggested the establishment of a military alliance among all the Arab States before the making of any individual alliances with Great Britain.

After adopting a general proposal for an economic boycott against any nation that implemented or assisted in implementing partition, the league council specifically decided that no American companies would be allowed to lay pipelines across the territory of member nations until the United States altered its policy toward partition. A further decision was made that no more oil concessions would be granted to nations which supported partition, and concessions already made to such nations were to be reconsidered "when necessary." In accordance with the league decision, Syria refused to ratify an agreement signed six months previously with the Arabian-American Oil Company, providing for a pipeline from the Persian Gulf to the Mediterranean, crossing Syria, and terminating in Beirut, Lebanon. Furthermore, Jamil Mardam was scheduled to go to Saudi Arabia at the conclusion of the league meeting, presumably in an attempt to persuade King Ibn Saud to adopt sanctions against American companies holding oil contracts in Saudi Arabia. It was stated that officials of the Arabian-American Oil Company (Aramco) said on February 24 that King Ibn Saud had assured the company that it would not be ejected despite the rise of anti-American sentiment in the Middle East.

While the Arab League was in session, the possibility of Arab action on the Palestine question was of concern to the United States. U.S. Secretary of State Marshall referred to the matter in answering questions addressed to him on February 12 by 30 members of the House of Representatives. Referring to the question of whether the Arab nations' activities and announced violent resistance endangered the maintenance of international peace and security in terms of the Charter, the Secretary pointed out: "While it is true that various Arab Governments and organizations have announced their determined opposition to the General Assembly's recommendation on Palestine, there have thus far been no overt acts which, in the decision of the Security Council of the United Nations, have been determined to endanger the maintenance of international peace and security in the terms of the United Nations Charter. ..."

It was disclosed on the 16th that President Truman had made personal attempts to preserve peace in the Middle East. A White House statement said:

"In an effort to prevent the spread of disorder in the Middle East, this Government has, during recent months, addressed appeals to certain interested Governments stressing the importance, in the interest of Middle East security and world peace, of the exercise of restraint in dealing with the Palestine situation. Some of these appeals were made directly by the President."

It was not revealed which governments had been addressed, but in Cairo on the 17th the Foreign Minister of Iraq and the Premier of Syria, together with Secretary General Abdul Rahman Azzam Pasha of the Arab League, indicated that the appeal would have no effect. They reiterated the League's determination to resist if international military forces were employed to enforce partition.

U.N. Palestine Commission

Much of the time of the Palestine Commission during February was devoted to the preparation of its special report on the need for armed assistance in implementing partition. This report to the Security Council, which was made public on February 16, affirmed the great need for supplying international armed forces to carry out the partition of Palestine, in view of the "extreme gravity of the situation ... and the anticipated worsening of the conditions." On the basis of "official and unofficial" information the Commission decided to concentrate attention on the following main considerations:

"a. The security situation in Palestine continues to be aggravated not only in the areas of the proposed Jewish and Arab states but also in the City of Jerusalem, even in the presence of British troops.

"b. The Commission will be unable to establish security and maintain law and order, without which it cannot implement the resolution of the General Assembly, unless military forces in adequate strength are made available to the Commission when the responsibility for the administration of Palestine is transferred to it.

"c. Powerful Arab interests, both inside and outside Palestine, are defying the resolution of the General Assembly and are engaged in a deliberate effort to alter by force the settlement envisaged therein."

The last point was reinforced by a February 6 communication from the Arab Higher Committee, which was in answer to an invitation to appoint a representative to supply information and other assistance to the Palestine Commission. In refusing the invitation, the Committee declared that the Palestine Arabs would never "recognize the validity of the extorted partition recommendations or the authority of the United Nations to make them." In this connection, the Committee declared that the Palestine partition recommendations were null and void, having been "extorted from member states of the United Nations" and obtained under pressure and undue influence--most of it exerted by the United States. "The pressure," it was affirmed, "put by the United States Delegation and Government on

certain nations, whether at Lake Success or in these nations' capitals, is nothing short of political blackmail." Examples were cited to show pressure on Siam, Haiti, the Philippines, Liberia, Cuba, and Colombia specifically, and these were said to represent "only a few instances."

In its report on the Palestine security problem, the Palestine Commission especially directed attention to the security situation that would exist at the termination of the mandate on May 15 when the Commission would assume responsibility. On the basis of policies announced by Great Britain, until that time British forces were to be exclusively responsible for maintaining law and order and for defending the country against any armed aggression. The formation of armed militia in the projected states was not to be allowed while the mandate remained in force, and no arms were to be supplied to individuals or organizations in Palestine except to small groups of Arab and Jewish civil guards being organized in certain areas for the protection of life and property. In addition to security considerations, the report emphasized that various provisions of the recommendations of the General Assembly could not be fulfilled in the absence of the military forces requested. The situation was summarized as follows:

"The Commission foresees the prospect that except for the areas still occupied by British troops on the date of termination of the mandate, there would be on that date no legal, armed force other than totally inadequate local police, Arab or Jewish, for the purposes of maintaining law and order in Arab or Jewish villages and towns. There would be no legally constituted over-all security organization in either state, since Arab and Jewish local police will be scattered throughout the country in Arab and Jewish areas without regard to the boundary lines envisaged in the plan of partition. Moreover, the local Arab police in the Jewish state, because of their possible hostility to the work of the Commission, may well constitute an additional security hazard. The Commission, therefore, would be required to step into a security vacuum immediately following the termination of the mandate and assume responsibility for the security of the City of Jerusalem in the very midst of the inevitable turbulence and intensification of internecine warfare which will follow the relinquishing of the mandate and the cessation of British responsibility for law, order and civil administration. ...

"For [these] reasons the Commission has decided to refer to the Security Council the problem of providing that armed assistance which alone would enable the Commission to discharge its responsibilities on the termination of the mandate, because it is convinced that there is no step which it can take under the resolution of the Assembly to improve the security situation in Palestine between now and the termination of the mandate. ...

"In the view of the Commission, a basic issue of international order is involved. A dangerous and tragic precedent will have been established if force, or the threat of the use of force, is to prove an effective deterrent to the will of the United Nations. ...

"It is the considered view of the Commission that the security forces of the Mandatory Power, which at the present time prevent the situation from deteriorating completely into open warfare on an organized basis, must be replaced by an adequate non-Palestinian force which will assist law-abiding elements in both the Arab and Jewish communities, organized under the general direction of the Commission, in maintaining order and security in Palestine, and thereby enabling the Commission to carry out the recommendations of the General Assembly. Otherwise, the period immediately following the termination of the Mandate will be a period of uncontrolled, widespread strife and bloodshed in Palestine, including the City of Jerusalem. This would be a catastrophic conclusion to an era of international concern for that territory. ..."

Following the completion of its report on the security problem, the Palestine Commission made further representations to Great Britain concerning the commission's desire to establish militia in Palestine before May 15--the date for the termination of the British mandate. The commission requested the British Government to be permitted to undertake four "preliminary steps"--setting aside of troop-camp areas, recruitment, training, and equipping. Another communication from the commission to the British Government pointed out that the work to be done in connection with taking over the control of Palestine was more than could be accomplished in the two weeks between May 1 and 15--the period to which Great Britain felt it advisable to limit the commission's presence in the country before the termination of the mandate. This policy the commission declared "not satisfactory" and asked for "reconsideration" of the subject. A group, constituting a "small advance guard" of the commission, departed for London to undertake administrative work before proceeding to Palestine where Great Britain agreed they might attend to the preliminaries before May 1.

The commission heard a new spokesman for Great Britain on February 19, Colonial Secretary Arthur Creech Jones, but no appreciable changes appeared in the British policies previously enunciated. He refused on security grounds several requests for extension of the two weeks allowed the commission in Palestine before May 15. Questioned on the possible importation of arms into Palestine, Creech Jones said: "Our policy has been consistently to keep out of Palestine all the arms we can. That applies to both communities. We are taking our own arms out. As to whether some special arrangement can be made with respect to May 15 on behalf of the United Nations, that is another matter which we can discuss." He stressed, however, his belief that militia would be inadequate for the purpose and that "something more" would be necessary. He informed the commission that a special police force was being recruited for Jerusalem which should be ready to keep order in the city by May 15. As for the request in the Assembly resolution that British troop withdrawals be co-ordinated with the work of the Palestine Commission, the only British objective was to remove them from the country by August 1.

A memorandum from the British Government on the "legal meaning of the termination of the mandate" was made public on February 27 by the Palestine Commission. The British expressed the point of view that "Palestine is today a legal entity but it is not a sovereign state" and that

after May 15 "Palestine will continue to be a legal entity but it will still not be a sovereign state because it will not be immediately self-governing." The memorandum declared that "after the 15th May, 1948, the United Nations Commission will be the Government of Palestine. ... Its title to the government of Palestine will rest on the resolution of the General Assembly." It added that the British Government would "recognize the United Nations Commission as the authority with which to make an agreement regarding the transfer of the assets of the government of Palestine."

Trusteeship Council and Statute for Jerusalem

A draft statute for the international regime of the City of Jerusalem, prepared by the Trusteeship Council's working committee, was made public on February 10. The statute, filling in details on the General Assembly plan, provided for the organization, administration, and protection of Jerusalem, which was to be a "corpus separatum" under the United Nations. Actual administration was to be carried out by the governor, appointed by the Trusteeship Council. It was provided that the city should be demilitarized, with internal order and protection maintained by a special police force. The governor was to exercise supreme executive authority subject only to instructions of the Trusteeship Council.

A report of the working committee on Jerusalem, adopted on the 16th, discussed the guiding principles formulated by the committee in the preparation of the draft statute. These centered on three points: the special character of the Jerusalem regime; the reasons for the new legal status and some of its special consequences; and the form of the draft statute. On the first point it was felt that Jerusalem, although placed under the authority of the Trusteeship Council, was not a trust territory to be ruled under the provisions of Chapters XII and XIII of the Charter; it was to come, rather, directly under the authority of the United Nations and to be governed by the Trusteeship Council as a special duty. This would be the council's "authority for assuming first the constituent and later the supreme administrative authority over the City of Jerusalem. ..." In considering the second point, the committee found the reason "for this juridical innovation ... in the obligation laid upon the United Nations to ensure the protection of a City which is a holy place for three great religions." The objectives of the international regime were therefore to guarantee to adherents of the three faiths the peaceful enjoyment of Jerusalem as a Holy City and a place of pilgrimage and, to implement this purpose, to foster co-operation among the inhabitants. That aim, the committee said, need not preclude the inhabitants from exercising all the human freedoms, which were reaffirmed in the statute. On the last item the committee thought "that the statute, by its nature and scope, should be a real constitution. This being so, the draft had to be made somewhat formal and divested of all unnecessary details or purely practical considerations."

The working committee made special mention of observations on the draft statute which had been received from the Jewish Agency for Palestine. The most important of these dealt with the Legislative Council (composed of citizens of Jerusalem) and method of its election, the judicial system, and provisions concerning education and citizenship.

The Trusteeship Council, reconvening on February 18, began a detailed examination of the working committee's report and the draft statute. To facilitate the work, two committees were formed. Committee 1 (Great Britain and Belgium) was charged with consideration of instructions to the governor of Jerusalem, and of the rules of procedure which governed the Trusteeship Council in connection with the administration of the city. Committee 2 (Mexico, China, and the United States) was to consider the budgetary implications of the draft statute. It was also made clear that the working committee on Jerusalem was still in existence and would deal with drafting changes in the statute desired by the council.

On the same day (18th) in the meeting of the Council, Arab accusations were again made against the United States for its role in the partition of Palestine. The delegate from Iraq denounced partition, attacked the trusteeship plan for the city as "utterly illegal and expressly against the Charter," and charged the United States with "leading the campaign for partition with a zeal reminiscent of the early Christians." Answering on the next day, Deputy U.S. Representative Benjamin Gerig said that the Trusteeship Council was not the proper place for debating the broad issues connected with Palestine, but added: "I desire, however, to refer specifically to the allegation 'that the United States Government, abandoning all pretense, exerted extreme pressure on both delegations and governments' to influence the voting on the Palestine question in the recent session of the General Assembly. I am instructed by my Government to state that this allegation is untrue, is not supported by the facts, and is completely rejected by my Government."

Internal Violence

Disorders in Palestine during February followed the pattern of previous months--bombings, murder, looting--but with increased tempo. A bomb blast which destroyed the newspaper plant of the Palestine Post early in the month, although admitted by the Arabs, was nevertheless (by implication) blamed on the British by the Jewish Agency. The British were also held responsible by the Jews for an explosion on the 22nd (again laid to Arab sources) which wrecked one of the two main Jewish shopping streets in Jerusalem and caused a death toll of at least 50. British authorities challenged Zionist leaders to produce any evidence that supported the charge. On the last day of the month, 30 British soldiers were killed and about 75 injured when three cars on a Cairo-to-Haifa train were blown up by land mines just south of Tel Aviv. It was said the Stern gang claimed responsibility for the outrage "in answer" to the explosion of the previous week.

Additional Arab forces entered Palestine from Syria in the course of the month--according to one report 300 to 500 men a week. Further, some 3,000 possible trained recruits for the Arab forces were made available on the 9th when the British announced the disbanding of the Trans-Jordan Frontier Force--made up chiefly of Arabs, but well trained by British officers.

Two documents containing accusations resulting from the strife in Palestine were submitted to the United Nations during February by the Jewish Agency for Palestine. The first, dated the 3rd, was a documented memorandum charging that the "direct acts of aggression" and the "threats and preparations for aggression" of the Arab States--particularly those on the borders

of Palestine--constituted a threat to the peace. The Security Council was asked to take action under Chapter VII of the United Nations Charter.

The second communication, dated the 22nd, was a condemnation of the British adherence to a policy of "neutrality," despite the General Assembly decision. Britain was not keeping order, the report declared, and the Arabs who meant to alter the Assembly resolution by force were "powerfully encouraged" by the freedom allowed them for sending forces into Palestine, setting up headquarters in Jerusalem, and establishing a large military organization for attacking the Jews. It was charged that even though the Arab nations had openly asserted their intention to invade Palestine and supply arms to the Arab forces, the British Government continued its arms deliveries to such countries as Iraq while refusing the Jewish population of Palestine permission to organize its own defenses. British adherence to the treaty with Iraq, which called for the supplying of arms, was termed a violation of Article 103 of the Charter.

Security Council Action

Security Council consideration of the Palestine problem began on February 24. In addressing the gathering, U. S. delegate Warren Austin, in a United States policy statement, expressed the adherence of the American Government to the United Nations and to the Charter. He said in part:

"The United States as a Member of the United Nations ... will continue to deal with the question of Palestine as a Member of the United Nations in conjunction with other Members. United States policy will not be unilateral. It will conform to and be in support of United Nations action on Palestine.

"While we are discussing the problem of Palestine it is of first importance to the future of the United Nations that the precedent to be established by the action taken in this case be in full accord with the terms of the Charter under which we operate. The interpretation of the terms of the Charter given in the Palestine issue will seriously affect the future actions of the United Nations in other cases."

Austin next discussed the three documents before the Security Council--the General Assembly resolution of November 29, 1947, recommending partition, and the two reports made by the Palestine Commission to the council--giving particular attention to the requests addressed to the council in the Assembly resolution. The first request--to "take the necessary measures as provided for in the plan for its implementation"--offered no difficulties. The second and third, however, invoking "the wide peace-keeping powers of the Security Council under the Charter," raised constitutional questions, Austin declared. The second request was that the council consider whether the situation in Palestine during the transitional period constituted a threat to the peace. The third asked that "the Security Council determine as a threat to the peace, breach of the peace or act of aggression, in accordance with Article 39 of the Charter, any attempt to alter by force the settlement envisaged in this resolution." After enumerating the procedures authorized in the Charter in case the Security Council found that a threat to international peace or breach of the peace did exist, Austin continued:

"... A finding by the Security Council that a danger to peace exists places all Members of the United Nations, regardless of their views, under obligation to assist the Council in maintaining peace. If the Security Council should decide that it is necessary to use armed force to maintain international peace in connection with Palestine, the United States would be ready to consult under the Charter with a view to such action as may be necessary to maintain international peace. Such consultation would be required in view of the fact that agreement has not yet been reached making armed forces available to the Security Council under the terms of Article 43 of the Charter."

Then followed a statement of the United States view as to the powers of the Security Council:

"The Security Council is authorized to take forceful measures with respect to Palestine to remove a threat to international peace. The Charter of the United Nations does not empower the Security Council to enforce a political settlement whether it is pursuant to a recommendation of the General Assembly or of the Council itself.

"What this means is this: The Council under the Charter can take action to prevent aggression against Palestine from outside. The Council by these same powers can take action to prevent a threat to international peace and security from inside Palestine. But this action must be directed solely to the maintenance of international peace. The Council's action, in other words, is directed to keeping the peace and not to enforcing partition."

Regarding what action the council should take with respect to Palestine, Austin said the United States believed the action should be of two kinds: the first would be consideration of "the question of the maintenance or restoration of international peace"; the second "should be directed toward giving effect to the recommendation of the General Assembly with the full use of, but within the limitations of, the powers of the Security Council under the Charter." Suggesting the establishment of a five-nation committee, he continued:

"... While taking necessary measures to maintain international peace, the Security Council should make every effort to get an agreement on the basis of the General Assembly recommendation for the underlying difficulty. For this purpose the Security Council should begin at once ... consultations with the Palestine Commission, the Mandatory Power and representatives of the principal communities of Palestine. These consultations should, we suggest, be held in New York in order that the Council itself may be kept closely advised at all stages."

In addition to the statement made by Austin, at the same meeting Creech Jones restated his government's determination to end the mandate on May 15, and declared that Great Britain would "abstain from voting on the question of enforcement." He asserted also that his country could not "reasonably be asked to contribute to whatever line of action the United Nations may now think necessary to implement the General Assembly's resolution." Faris el-Khoury, the Syrian representative, attacked the plan for partition

as "invalid and illegal" and offered a resolution to the following effect: it asked the Big Five to "consult" in accordance with Article 106 of the Charter to prevent a breach of the peace; it proposed that in the meantime the Security Council set up a committee of two permanent and two nonpermanent council members to explore the possibility of agreement between the Jewish Agency and the Arab Higher Committee, and also to examine the advisability of a special session of the Assembly for reconsideration of the whole problem. Colombia also introduced a resolution which suggested a special Assembly session to reconsider partition.

At the council meeting on the next day (25th) the representative of Egypt, Mahmoud Bey Fawzi, urged that "persistence in implementing the Assembly's resolution [would] head matters to certain disaster." He denied that the Arabs refused to accept moderate solutions and asserted that they had been "reasonable and conciliatory." A resolution was introduced by Austin, who made it plain that this step was meant deliberately to oppose the Colombian proposal for a special session. The United States resolution followed the lines suggested by Austin in his speech of the previous day. It resolved to "establish a committee of the Security Council comprising the five permanent members of the council whose functions will be:

"(a) To inform the Security Council regarding the situation with respect to Palestine and to make recommendations to it regarding the guidance and instructions which the Council might usefully give to the Palestine Commission;

"(b) To consider whether the situation with respect to Palestine constitutes a threat to international peace and security, and to report its conclusions as a matter of urgency to the Council, together with any recommendations for action by the Security Council which it considers appropriate.

"(c) To consult with the Palestine Commission, the Mandatory Power, and Representatives of the principal communities of Palestine concerning the implementation of the General Assembly recommendation of November 29, 1947."

C. PROPAGANDIST ACTIVITIES

Subcommission on Freedom of Information

On February 3 the Subcommission on Freedom of Information and of the Press concluded at Lake Success a session that opened on January 19. It adopted a report that included a draft declaration and draft covenant on freedom of the press and a statement containing the subcommission's recommendations on press rights and obligations. The report was approved by a vote of 9 to 1, with the Soviet delegate dissenting on the ground that the group had not acted on his proposals for the exposure of war-mongers and the "remnants of fascism." He also charged that insufficient attention was given to the role of the press in helping the establishment of "true collaboration between peoples." The report will be presented to the International Conference on Freedom of Information, scheduled to meet in Geneva on March 23.

IV. SECURITY PROBLEMS

Several general observations on the broad problem of the national security of the United States were contained in the final report of Chief of Staff of the U.S. Army Gen. Dwight D. Eisenhower as submitted to the Secretary of the Army on February 7. Eisenhower pointed out that at the time he had assumed his duties as Chief of Staff more than two years previously, the Army was embarked "on a mass demobilization whose speed and magnitude expressed the American people's assumption that an enduring peace had been attained." However, he said, "the peace has not become the peace of which war's victims dreamed." Instead "the tragedy of this era is that the din of war ended only to be replaced by a clash of ideologies. Men and their nations are still not free from the fear of aggression, and true co-operation among the powers—the only sure basis for peace—has yet to be proven workable across the gulf that separates the democracy and the totalitarian state."

Eisenhower warned that "realistic appraisal of all elements that affect America's peace is necessary to determine what measures security now requires." He suggested that the United States had certain "credits for continued peace." These included "our potential and active national strength in all its elements, our working relationship with other powers in the United Nations, our close ties with many that, like us, are sincerely committed to the elimination of aggression; the late war's aftereffects upon the economic structure of many regions, the stability we have maintained in territories of former enemies." In contrast, Eisenhower pointed out "debts against continued peace," which included: (1) an Army that at the present time "by no stretch of facts" could be considered "an offensive force"; (2) widespread political unrest, social turbulence, and economic distress; and (3) the "straitened circumstances" of "our traditional friends in Western Europe," some of whom have been "threatened with strangulation by a militant political party" promoting "chaos and insurrection for the advantage of an alien ideology." The general recommended that, to overcome these handicaps, we "remain the firm champion of those who seek to lead their own lives in peace with their neighbors." He continued:

"Food and material aid, economic guidance and leadership for peace, strength to enforce the peace—all these are demanded of the United States as the first and fundamental measure against another war. The European Recovery Plan ... is concrete recognition that the well-being and security of our sister democracies is intertwined with our own prosperity and national safety. ..."

Eisenhower next spoke of the need of a short-term security program, the objective of which "must be the development of a military establishment able to defend the continental United States and its base periphery against attack; to strike an immediate retaliatory blow and to destroy, if possible, the enemy's bases of attack and sources of armed power; to contain the enemy's main forces while organizing strength to disorganize or heavily damage his main base, if that should be necessary for the attainment of peace between him and us." He pointed out that in the future major nations "will be armed with such destructive weapons" that "a series of lightning

blows might conceivably end a future war at its outset." He considered it essential that "a well-rounded security program ... contemplate, therefore, eventual use of all our economic resources, and the sum of our intelligence as well as men and weapons." The report also noted that planning for United States security was "based ultimately on our industrial economy." It further stated that universal military training was essential under present arrangements and should be adopted without delay.

Concerning the United States long-term security program, Eisenhower said that "national preparedness" was "relative security against quick or overwhelming military defeat," but not a guarantee of the "republic's existence, should there be unlimited atomic devastation in another total conflict." He stated that "to attain absolute security," the United States "with all other nations must work for a world in which war is eliminated, in which peace founded on justice and co-operative effort is the common lot of all peoples." The general observed that there was "basis for the hope that long before the United Nations is able to eliminate aggression, a system for the regulation of armaments may be adopted...." He cited the "magnanimous and unprecedented gesture" made toward armament control by the United States with Great Britain and Canada, in offering to share their atomic "know-how" with the world provided only that "the participating nations would accept an effective measure of international inspection and control." But he warned that "until all nations show a positive willingness to discard armament, the security of the United States must remain firmly grasped in our own hands." In conclusion, Eisenhower expressed the belief that:

"The American people possess the capacity, the initiative, the resolution to maintain this nation a leader among the nations, strong in its moral position, in its physical defenses, in its economic wealth and its productiveness for human betterment. The counsel and example of the United States will be the world's most potent influence toward increase of freedom and peace among men--the final security goal of mankind."

A. ORGANIZATION OF A SYSTEM OF COLLECTIVE SECURITY

President's Report on the United Nations

In the second annual report on United States participation in United Nations activities submitted on February 20 by the President to the Congress, it was pointed out that the organization had the choice "between two risks in shaping its course" in 1947. It could have "avoided decisions and recommendations on the larger issues," or "boldly" made "realistic decisions and recommendations." The second alternative was selected. The report stated that "as the months of 1947 passed" it became evident that "several conditions were responsible for the hardships confronting the United Nations." These included the fact that the "members had not fully appreciated that the total of what the United Nations was being asked to do was too great if the outcome was always to be as sound and well judged as the complexities required." At certain times "it was urged to consider matters not yet legitimately in need of its attention since direct means of

adjustment had not been thoroughly tried by the members immediately involved." On occasion, also, "cases were brought ... to an inappropriate organ." It was asserted that "with good will and additional experience these conditions should be corrected."

However, the "tendency shown by some members to utilize the United Nations for propaganda or other objectives of purely national advantage" was considered a more serious difficulty. It was averred that "opposition to the views of the overwhelming majority on a number of problems was maintained by a few of the members even after recommendations had been made. Unanimity among the major powers was the exception, not the rule, on certain of the most important of the matters within the scope of the United Nations during the year. ..."

The report in general concerned itself with the problems considered by the principal organs of the United Nations, gave texts of selected resolutions and addresses by United States representatives, and presented a description of the U. S. Mission to the United Nations.

Burmese Application for U.N. Membership

The Union of Burma on February 27 made application for membership in the United Nations. In a letter to Secretary General Lie, the Burmese Ambassador to the United States explained that the sovereignty over his country had passed to its people on January 4 and that it was now an independent republic. He said: "The new Union of Burma, being a peace-loving state, dedicates herself to the achievement of world peace. Burma firmly believes that she can most effectively work toward this goal by participating in the deliberations and activities of the United Nations."

1. Interim Committee of the General Assembly

Proposals for Implementation of General Assembly Recommendation

Warren R. Austin, U. S. Representative to the United Nations, on February 13 submitted for the consideration of the Interim Committee a series of five suggestions developed jointly by the Governments of the United States and China. These proposals were evolved in response to the General Assembly's recommendation that the Interim Committee consider methods to give effect to the portions of the Charter dealing with the general principles of co-operation in the maintenance of international peace and security, and with the promotion of international co-operation in the political field. The first concerned itself with machinery to be used by the committee in its work. The creation of a 15-member subcommittee to examine all suggestions submitted in response to the Assembly recommendation was recommended. This subcommittee would advise "whether the Interim Committee can, in view of the limited time at its disposal, itself carry out the studies necessitated by the proposals submitted or whether the Interim Committee should recommend to the General Assembly that it or some other organ of the United Nations should perform this task." The other four proposals enumerated means for carrying out the purposes of the recommendation. These specified that the committee might: (1) study "the desirability of formulating procedures for the pacific settlement of disputes before their referral

to the Security Council or General Assembly"; (2) examine existing treaties, and give attention "to the utility of concluding a multilateral treaty which might be approved by the General Assembly and opened for accession by States"; (3) survey bilateral treaties now in effect for the pacific settlement of disputes, and consider "replacing references in existing treaties to organs of the League of Nations by reference to appropriate United Nations organs"; and (4) "consider what types of disputes are particularly susceptible of settlement by bipartite, regional, or United Nations procedures, respectively."

2. The International Control of Atomic Energy

Report of U. S. Atomic Energy Commission

The U. S. Atomic Energy Commission submitted to the Congress on January 31 its third semiannual report. In the covering letter it was stated that "a number of important phases of the atomic energy program for reasons of national security" could not be included in such a public release. The commission asserted that its program for expansion of the project "to maintain and improve the nation's position in the field of nuclear development" was under way. It also told the Congress that an over-all plan had been completed during 1947 for a major program of development at the Los Alamos Scientific Laboratory where the weapons project was concentrated, and that a number of steps had been taken in implementation. The report further disclosed that the commission had over 100 research contracts or subcontracts in force during 1947, and had inaugurated a \$90 million plan for setting up new research facilities. In the text it was pointed out that "the major accomplishment in the field of research during 1947, however, was the consolidation of programmatic research projects aimed at urgent objectives and the establishment of a research policy designed to utilize the full scientific potential of the nation."

Other achievements of the year included: (1) continued production of radioisotopes at the Clinton National Laboratory--making possible a nationwide program of tracer research in many fields; (2) the establishment of a division of biology and medicine to direct the work done in commission facilities in these disciplines; (3) strengthening of the security of the project; and (4) the continuing dissemination of scientific and technological data "necessary to the growth of American science" under the 1946 system of declassification.

U. N. Atomic Energy Commission

Vassily A. Tarasenko of the Ukraine, assuming the chairmanship of the Atomic Energy Commission for February, said that "international agreement on the control of atomic energy may be reached under conditions when the United States and countries supporting its position give up their insistence on a number of provisions which do not follow from establishment of the control of atomic energy."

The Working Committee continued its discussion of Soviet proposals, devoting the meeting of February 5 largely to further consideration of the priority between a convention for the prohibition of atomic weapons and a

convention on atomic energy control. The delegate from Great Britain asked Soviet representative Gromyko whether, if the majority made the "important concession" of agreeing on two separate conventions and proceeded to prepare a convention prohibiting atomic weapons, the Soviet delegation would be willing to postpone its implementation until a convention on control was also adopted. Gromyko responded that he felt he had answered that matter at the previous meeting (January 29) but inquired whether the question was based on curiosity or on the possibility of a formal proposal to that effect. The British representative declared that his delegation was prepared to explore the possibility of preparing two separate conventions, but would not contemplate putting into force the prohibition convention without the simultaneous conclusion of a convention on control to ensure the effective implementation of the first.

The discussion then turned to the Soviet proposal for control by periodic inspection, with Francois de Rose of France suggesting specific cases to show his doubt that periodic inspections could reveal diversions of material. At the February 16 meeting, the Chinese delegate said that the question of inspection was the most important phase of the Soviet proposals and asked for supporting evidence for the claim that inspection alone could control dangerous atomic facilities. He added that a workman could carry off in a pocket an "appreciable amount of nuclear fuel." Gromyko suggested that a more productive approach would be to agree on basic provisions and then try to develop these provisions by common agreement. Frederick H. Osborn (United States) declared that lacking any new evidence brought forward by the Soviet representative, the committee was only going over old ground. Gromyko replied that if the U. S. representative were willing to consider a Soviet statement as "new" only if such a statement expressed agreement with the United States proposals, then it was true that Mr. Osborn had not heard any such Soviet statements. Gromyko argued that no United States declaration since the original statement by Bernard M. Baruch on June 14, 1946 had contained any fresh proposals.

B. REGIONAL PROBLEMS

1. The Inter-American System

Falkland Islands Dispute

The Governments of Argentina and Chile early in February presented united opposition, despite overlapping claims between themselves, to Great Britain's claims to the "South American Antarctic." On the 13th, the British Foreign Office released the text of a Chilean reply to a British note protesting against acts of trespass committed by Chilean nationals on British territories in the Falkland Islands Dependencies during the 1946-47 Antarctic summer--and especially against the action of the Chilean Navy in setting up a permanent post on Greenwich Island, in the South Shetland group of the dependencies. The British Ambassador had told Chile that his government considered "that the Chilean claims to territorial sovereignty over any part of the British Antarctic territory known as the Falkland

Islands Dependencies are unfounded, and that the British title to sovereignty over this region is not merely based on rights acquired by virtue of discovery ... but derives also from the measures taken by His Majesty's Government for the necessary administration of these British territories." In response, Chile said: "In view of the traditional good relations which have linked our respective governments, relations which the Chilean Government will strive to continue cultivating, we are sure that His Majesty's Government will admit that a request for the withdrawal from the Chilean base at Greenwich Island such as Your Excellency insinuates could have no effect but that of causing a needless deterioration in that happy tradition of friendship."

By February 16, British, Argentine, and Chilean warships were all moving toward the troubled area. British Minister of State, Hector McNeil, told the House of Commons on that day: "Argentine, and Chilean naval forces are at present operating in British waters in the Falkland Islands Dependencies with the declared object of enforcing claims of sovereignty in this area. They have also landed parties and purport to set up military commands in British territory. In a protest we made to the Argentine and Chilean Governments in December last, we made it clear we would accept the decision of the International Court. This offer has been rejected by both governments. We can only regard this as evidence that they have no confidence in their ability to dispute our legal title." McNeil assured the Commons that "it is not to be supposed we shall overlook the challenge to our authority. Steps are being taken to ensure the Governor of the Falkland Islands will receive the support he needs." On the 17th, the Chilean President, Gabriel Gonzalez Videla, personally landed on Greenwich Island to lay claim to the territory lying south of Cape Horn in dispute between his country and the British. The next day the President set up another base on the Palmer Peninsula, called "O'Higgins Land" by the Chileans. The Argentine Foreign Office issued a statement in reply to the British minister of state, in which the assertion was made that in a declaration appended to the treaty of Rio de Janeiro, Argentina had affirmed its nonrecognition of any European colonies within the security zone laid down at Petropolis.

U. S. Secretary of State Marshall, however, speaking in Washington on the same day (18th) said that the United States was interested in the controversy but was maintaining a hands-off policy. He declared, however, that insofar as the United States was concerned, the Inter-American Defense Treaty of the summer of 1947 did not involve claims of sovereignty. When the issue was raised at Rio de Janeiro, the U. S. delegation had said that so far as the United States was concerned the defense treaty "has no effect upon the sovereignty, national or international status of any of the territories" included within the security zone. The Argentine delegation had made a reservation, however, maintaining "intact" its "legitimate title" to the islands. Chile, too, refused to recognize within the security zone "the existence of colonies or possessions of European countries."

By the 20th, a task force of the Argentine High Seas Fleet had arrived in Antarctic waters and was engaged in maneuvers, proceeding to naval bases at Deception and Melchoir Islands in the South Shetlands. On the 21st the British cruiser "Nigeria" was estimated to be about two days' sailing time from the Argentine task force.

In the House of Commons on February 23, Prime Minister Attlee said that the government was not "prepared to be 'cheeked or chivvied' out of British territories anywhere in the world." Attlee spoke in connection with an offer of the Australian Government to send a cruiser to the Falklands to assist, which he said was not necessary. Also on the 23rd, President Peron of Argentina declared that his country would "never sacrifice her sovereignty, even though she must die." This statement was made as Argentina and Chile opened negotiations to settle their own territorial conflicts in the Antarctic so as to present a united front against Great Britain.

Chilean President Videla, immediately upon his return from the expedition (23rd), announced that his country had formally annexed its sector of Antarctica—which included part of the Falkland Islands Dependencies. Videla signed a message to the congress asking its approval for the setting up of an administrative department for Antarctica and for its incorporation in the province of Magallanes, together with all territory lying southeast of the Beagle Canal in Tierra del Fuego. He said: "Chile has such legitimate titles and rights over the Antarctic region that other states outside the American continent feel the need to resort to the threat of attacking our military bases, and using the guns of their invincible fleet to justify their imperialist aims of colonizing our lands."

Foreign Secretary Bevin, in the House of Commons on the 26th, said that naval demonstrations and declarations by South American countries did not affect British sovereignty over the Falklands. Bevin denied strongly that Great Britain would appeal to the Security Council of the United Nations if Argentina and Chile persisted in their demands, and reiterated that rival claims to the area must be adjudicated by the International Court before Great Britain would consider a three-power conference on the subject. He said: "People cannot go on interfering with British territory and then as a result of kicking up a row expect us to go to the Security Council. Until title is settled I am not prepared to take any other steps."

Belize Dispute

On February 26 a territorial dispute between Great Britain and Guatemala became active when the Admiralty in London disclosed that two cruisers had been sent to Belize in British Honduras to challenge Guatemala's renewal of claims to that territory. Guatemala had reiterated a demand that the 8,867 square miles of Belize be returned to its jurisdiction. The British Foreign Office explained that the dispatching of the cruisers was necessary to prevent "irresponsible elements" in Guatemala from causing a disturbance in Honduras. The Guatemalan claim dated back to the 18th century when Belize was part of Guatemala and the Central American Federation of several states that gained independence from Spain in 1821. Unsettled differences, involving economic and other concessions, had occurred over the years between the two governments.

The Foreign Ministry of Guatemala declared on the 27th that it had protested to the United Nations, the Pan American Union, and each American country regarding the dispatch of the cruisers. It called the presence of the vessels in Guatemalan territorial waters "an unjustified

provocation and an insult to our national dignity." On the 28th President Arevalo (Guatemala) asked the United States to defend the interests of Latin American states in territorial disputes with Great Britain. Arevalo said that failure to act "with unity, energy and speed" would mean the "bankruptcy" of the inter-American system.

Preparations for Bogotá Conference

Preparations for the Bogotá Conference, scheduled to open on March 30, went forward during February. The economic problems to be taken up there are treated earlier in this issue of the Summary under the section on Other Foreign Aid.

On February 14 the Department of State released an article entitled "Sovereignty and Interdependence in the New World, Comments on the Inter-American System," which included a summary of the principal political problems facing the conference. The study pointed out that "one of the chief characteristics of the proposed revision of the Inter-American System" was "its comparatively high degree of organizational and functional centralization," which was "focused in the Pan American Union, which [emerged] in fact as well as in theory the permanent, central organ of the entire system with broad political and nonpolitical responsibilities."

Special attention was directed to the articles dealing with non-intervention, and the proposals for an article on recognition of governments--the second item being on the agenda as a result of a resolution adopted by the Mexico City Conference. Other matters of concern in the political area included an item on European colonies in the Western Hemisphere and another on the defense of democracy in America.

C. OTHER ASPECTS OF UNITED STATES MILITARY SECURITY

1. Strategic Materials

Export Ban on Scrapped War Materials

The U.S. Department of State announced on February 18 that an export ban had been placed on scrapped war materials. It was explained that:

"Before and during World War II this Government was subject to considerable embarrassment and expense as the result of efforts made by various American individuals or companies to sell to foreign purchasers arms, ammunition, and implements of war which had been used in World War I and sold as scrap. In order to avoid the possibility of repetition of this situation with respect to similar transactions involving World War II war materiel, the State Department has determined that no licenses shall be granted for exportation of any arms, ammunition, or implements of war which have been sold by the Government as salvage or scrap."

2. Military Bases

Formal Termination of Panama Bases Agreement

On February 20, the U. S. Department of State made public the texts of notes exchanged by the United States and Panamanian Governments formally terminating the 1942 defense sites agreement for the protection of the Panama Canal. This action followed the failure of the Panama National Assembly to pass the agreement that had been negotiated for the extension of U. S. control of 14 of the 120 defense bases in the Canal area, and the consequent departure of United States forces from the region. A spokesman for the department said that this exchange of notes merely formalized the withdrawal action and that no negotiations were pending at the present time between the two countries.

Air Base Agreement in the Caribbean Area and Bermuda

In Washington on February 24, the U. S. Secretary of State and the British Ambassador to the United States signed, on behalf of their governments, the final agreement providing for civil use of leased air bases in the Caribbean area and Bermuda. The Washington settlement superseded "the interim arrangement which has governed the civil use of the leased bases in the Caribbean area and Bermuda for almost two years," and was the result of "a sincere and prolonged effort to formulate the conditions under which civil aircraft may use the bases.... ." The agreement would continue in effect until the expiration of the 99-year leases unless after it has been in force for 15 years, either party should give notice of termination, in which case the agreement would become inoperative two years later.

3. National Military Establishment

Report of the Air Co-ordinating Committee

In the report of the Air Co-ordinating Committee for the year 1947, submitted to the Congress by President Truman on February 9, the statement was made that in 1948 the "proper level for an aircraft manufacturing industry capable of meeting peacetime military and civil requirements and of prompt expansion to meet the country's defense needs" must be determined. Although the committee did not specify a rate of annual production essential for this purpose, its chairman referred to a report--made by the same committee in 1945--in which it was suggested that the United States would need 5,780 aircraft in a period of disturbed international relations and only 3,000 if progress had been made toward peace. The chairman expressed the opinion that the larger figure would apply today.

Plans for National Civil Defense Organization

On February 12, Secretary of Defense Forrestal disclosed that a civilian unit to plan a comprehensive national civil defense organization and program would soon be set up in the military establishment of the United States. This decision was the result of recommendations made by a Civil Defense Board that had been studying the problem since November 1946.

APPENDIX

LIST OF SELECTED DOCUMENTS

The documents listed in this Appendix are the more important ones issued during February bearing primarily on the developments recorded in this Summary. The list, which generally follows the arrangements of headings in the Summary, has been largely restricted to materials of an official nature, and limitations of space have made it necessary to choose only a very few of the principal items. For additional reference purposes, full texts or excerpts can usually be found in various newspapers or periodicals.

GENERAL

The Strategy and Tactics of World Communism. Report of Subcommittee No. 5 of the House Committee on Foreign Affairs on National and International Movements. Subcommittee Print, U. S. Government Printing Office, 1948, 62 pp. and supplements. (Supplement I, One Hundred Years of Communism, 1848-1948, 238 pp. Supplement II, Official Protests of the United States Government Against Communist Policies or Actions, and Related Correspondence, (July 1945-December 1947), 129 pp.

PROBLEMS OF THE PEACE SETTLEMENTS

Status of German Reparation and Dismantling Program. Letter from the Secretary of State to the Chairman of the Senate Foreign Relations Committee, and Memorandum of the Department of State on the German Reparation Program. Department of State Bulletin, Vol. XVIII, No. 451, February 22, 1948, pp. 238-244.

Problem of the Independence of Korea. Statement of K. P. S. Menon, Chairman of the United Nations Temporary Commission on Korea, at the Interim Committee of the General Assembly, February 19, 1948. United Nations Document A/AC.18/28, 21 pp. mimeo.

Violations of Treaty of Peace by Rumania. Letter from the United States Minister to Rumania to the Rumanian Ministry of Foreign Affairs, Department of State Bulletin, Vol. XVIII, No. 450, February 15, 1948, pp. 216-218.

Report of the Administration of the British-United States Zone of the Free Territory of Trieste, 15 September to 31 December 1947, by Maj. Gen. T. S. Airey, C.B., C.B.E., Commander British-United States Zone Free Territory of Trieste, United Nations Document S/679, 46 pp. mimeo.

ECONOMIC AND SOCIAL PROBLEMS

Salient Features of the World Economic Situation, 1945-1947. Economic Report by the United Nations Department of Economic Affairs, Lake Success, New York, United Nations Publications, Sales No. 1948 IIC.1, January 1948, 354 pp.

Economic Development in Selected Countries--Plans, Programmes and Agencies. United Nations Department of Economic Affairs, Lake Success, New York, United Nations Publications, Sales No. 1948 IIB.1, October 1947, 286 pp.

Preliminary Reports 13 to 17 of House Select Committee on Foreign Aid (Herter Committee): Report on Germany (Recommendations by Subcommittee on Germany) 6 pp.; What Western Europe Can Do for Itself, 24 pp.; Inflation and Methods of Financing any Foreign Aid Program, 29 pp.; Governmental Control Powers Affecting the Foreign Aid Program, 43 pp.; Transportation as it Affects the European Recovery Program, 61 pp., U. S. Government Printing Office, 1948.

The Economic Co-operation Act of 1948, as referred by the Senate to the Committee on Foreign Relations and Reported by Mr. Vandenberg without Amendment. S. 2202, 80th Congress, 2nd Session, February 23, 1948, 39 pp.

European Recovery Program. Report of the Committee on Foreign Relations on S. 2202, Senate Report No. 935, 80th Congress, 2nd Session, U. S. Government Printing Office, 1948, 69 pp.

Survival of Democracy Dependent on Success of European Recovery Program. Address of Secretary of State Marshall to the National Farm Institute at Des Moines, Iowa, February 13, 1948. Department of State Bulletin, Vol. XVIII, No. 451, February 22, 1948, pp. 231-232.

Draft Basic Agreement of Inter-American Economic Co-operation. Department of State Press Release, No. 148, February 25, 1948, 10 pp. mimeo.

The Foreign Exchange Position of the Devastated Countries. United Nations, Department of Economic Affairs, Lake Success, New York, United Nations Publications, Sales No. 1948 IIA.1, February 1948, 85 pp.

Report of the Secretary of Agriculture, 1947. U. S. Government Printing Office, 1947, 152 pp.

World Food Situation 1948. Foreign Agriculture Circular, Office of Foreign Agricultural Relations, U. S. Department of Agriculture, Washington, D. C., February 19, 1948, 59 pp. mimeo.

Second Session of the General Conference of the United Nations Educational, Scientific and Cultural Organization, Mexico City, November 6 - December 3, 1947. Draft Report of the U. S. Delegation with Selected Documents, 161 pp. mimeo.

POLITICAL PROBLEMS

Second Report to Congress on Assistance to Greece and Turkey for the Period ended December 31, 1947. Department of State Publication 3035, Economic Co-operation Series 3, U. S. Government Printing Office, 1948, 64 pp. (Also issued as House Document No. 534, 80th Congress, 2nd Session, U. S. Government Printing Office, 1948, 64 pp.).

The Turkish Aid Program. Department of State Publication 3014, Economic Co-operation Series 1, February 1948. U. S. Government Printing Office, 1948, 24 pp.

Aid to China. Message from the President of the United States Transmitting a Proposed Program of Aid to China. Senate Document No. 120, 80th Congress, 2nd Session, February 18, 1948, 4 pp.

First Interim Report of the Committee of Good Offices on the Indonesian Question to the Security Council. United Nations Document S/649, February 10, 1948, 113 pp. mimeo.

The Problem of Security in Palestine. United Nations Palestine Commission, First Special Report to the Security Council. United Nations Document A/AC.21/9, February 16, 1948, 19 pp. mimeo.

Draft Statute for the City of Jerusalem (submitted by the Working Committee of the Trusteeship Council at its Second Session, December 1, 1947). United Nations Document T/118, January 26, 1948, 29 pp. mimeo.

Report of the Working Committee on Jerusalem to the Trusteeship Council. United Nations Document T/122, February 16, 1948, 14 pp. mimeo.

Report of the Second Session of the Subcommittee on Freedom of Information and of the Press. Commission on Human Rights, Lake Success, 19 January to 3 February 1948, United Nations Document E/CN.4/80, February 6, 1948, 13 pp. mimeo.

SECURITY PROBLEMS

Final Report of the Chief of Staff United States Army to the Secretary of the Army, February 7, 1948. U. S. Government Printing Office, 1948, 27 pp.

Report of the Air Co-ordinating Committee, 1947 (with Message from the President of the United States Transmitting the Report to the Congress). U. S. Government Printing Office, 1948, 22 pp.

The United States and the United Nations.. Report by the President to the Congress for the Year 1947. Second Annual Report on the Activities of the United Nations and the Participation of the United States therein. U. S. Government Printing Office, 1948, 359 pp.

Third Semiannual Report to the Congress. U. S. Atomic Energy Commission, January 31, 1948, 67 pp. mimeo.

Sovereignty and Interdependence in the New World, Comments on the Inter-American System. William Sanders, Department of State Publication 3054, Inter-American Series 35, reprinted from the Department of State Bulletin of February 8, 1948, pp. 155-184.

A Study of Civil Defense. National Military Establishment, Office of the Secretary of Defense, Report of War Department Civil Defense Board, released February 1948, 24 pp.

Text of Agreement Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland Concerning the Opening of Certain Military Air Bases in the Caribbean Area and Bermuda to Use by Civil Aircraft. Department of State Press Release, February 24, 1948, 13 pp. mimeo.